

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2015

WEDNESDAY, APRIL 30, 2014

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:02 a.m., in room SD-106, Dirksen Senate Office Building, Hon. Richard J. Durbin (chairman) presiding.

Present: Senators Durbin, Leahy, Murray, Shelby, Collins, and Murkowski.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

OFFICE OF THE SECRETARY

STATEMENT OF HON. JOHN M. McHUGH, SECRETARY

OPENING STATEMENT OF SENATOR RICHARD J. DURBIN

Senator DURBIN. The subcommittee meets this morning to receive testimony on the fiscal year 2015 request for the United States Army. I am pleased to welcome the Secretary of the Army, John McHugh; the Army Chief of Staff, General Raymond Odierno, thank you; the Chief of the National Guard Bureau, General Frank Grass; the Chief of the Army Reserve, Lieutenant General Jeffrey Talley; and the Acting Director of the Army National Guard, Major General Judd Lyons. Thanks for being here.

The fiscal year 2015 President's budget request includes \$119 billion for the Army that falls under the Defense Subcommittee's jurisdiction. The budget request does not include funding for Overseas Contingency Operations, known as OCO. That's a big concern. Until we receive the President's plan for support in Afghanistan post-2014, it's really difficult if not impossible to appropriate proper levels of funding to support our warfighters.

To comply with the budget caps specified in the Budget Control Act (BCA), the Army is facing an estimated \$170 billion in budget reductions over the next 10 years on top of sequestration, which forced the Army to cut an additional \$37 billion in fiscal year 2013.

How to achieve these savings is a familiar story. Each military service is forced to find a balance between end strength, readiness and modernization. The Army is reducing end strength as rapidly as possible in order to rebuild readiness. But to do this, you must accept greater risk in modernization programs. Your fiscal year

2015 request establishes obvious priorities. The purpose of this hearing is to investigate the rationale behind those decisions and determine whether they are the right ones.

Despite budget challenges we face, we cannot waver from protecting our most precious asset. I say to you, gentlemen, and I know that you know this far better than I do, not only do you represent our men and women in uniform and their families but you also represent a devoted and competent and professional civilian workforce, a crucial part of the Army team. However, there's a proposal recently surfacing in Congress to cut DOD (Department of Defense) civilian workforce by 15 percent and to somehow use the "savings" to invest in weapons systems and other capabilities.

Our witnesses know the value of our civilian workforce. I see it in my home State of Illinois at the Rock Island Arsenal. When the private sector couldn't provide our troops with what they needed to fight with in Iraq, the civilian workers at Rock Island stepped up to answer the call. These men and women are a national treasure wherever they serve our military.

Rock Island is also home to much of the Army's contract oversight capability, which we've only recently rebuilt as a Nation. I hope that many people still remember, in the 1990s, large civilian layoffs forced the Pentagon to hire contractors to oversee contractors. And the result was tens of billions of dollars wasted in Lead System Integrator or TSPR (Total System Performance Responsibility) contracts.

This outsourcing of weapons systems oversight cost taxpayers and the Army dearly. The Future Combat Systems program cost \$20 billion before it was cancelled, and yielded very few fielded capabilities. Another example, the Ground Mobile Radio, which was 7 years behind schedule and 70 percent over its development budget when it was finally terminated.

The drastic cuts in civilian oversight were a critical failure in both of these programs. We cannot repeat this mistake again.

PREPARED STATEMENT

I look forward to working with you, our distinguished panel, throughout the year; so that our fiscal year 2015 appropriations bill can enable the United States Army to successfully defend our national interests around the world.

We sincerely appreciate your service to America and the dedication and sacrifice made daily by the men and women in our Army.

Thank you, ahead of time, for your testimony. And your full statements will of course be included in the record.

[The statement follows:]

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The subcommittee meets this morning to receive testimony on the fiscal year 2015 budget request for the United States Army.

I am pleased to welcome:

- The Secretary of the Army, John McHugh;
- The Army Chief of Staff, General Raymond T. Odierno;
- The Chief of the National Guard Bureau, General Frank Grass;
- The Chief of the Army Reserve, Lieutenant General Jeffrey W. Talley;
- The Acting Director of the Army National Guard, Major General Judd H. Lyons.

Thank you for being here with us today and providing your testimony.

The fiscal year 2015 President's budget request includes \$119 billion for the Army that falls under the Defense Subcommittee's jurisdiction. The budget request does not include funding for Overseas Contingency Operations, which is a major concern for the Committee. Until we receive the President's plans for support in Afghanistan post-2014, it is impossible to appropriate proper levels of funding to support our warfighters serving in war zones.

To comply with the budget caps specified in the Budget Control Act, the Army is facing an estimated \$170 billion in budget reductions over the next decade, on top of sequestration, which forced the Army to cut an additional \$37 billion in fiscal year 2013.

How to achieve these savings is a familiar story: Each military service is forced to find a balance between end strength, readiness and modernization. The Army is reducing end strength as rapidly as possible in order to rebuild readiness. But to do this, you must accept greater risk in modernization programs. Your fiscal year 2015 request establishes obvious priorities. The purpose of this hearing is to investigate the rationale behind those decisions and determine whether they are the right ones.

Despite the budget challenges we are facing, we must not waver from protecting our most precious asset—our people. Gentlemen, not only do you represent our men and women in uniform and their families, you also represent the civilian workforce, who are a crucial part of the Army team. However, a proposal has recently surfaced in Congress to cut DOD's civilian workforce by 15 percent, and use the savings to invest in weapons systems and other capabilities.

Our witnesses know the value of this workforce. I see it every day in Illinois at the Rock Island Arsenal. When the private sector couldn't provide our troops with what they needed for the fight in Iraq, the civilian workers at Rock Island stepped up to answer the call. Those personnel are a national treasure.

Rock Island is also home to much of the Army's contract oversight capabilities, which we've only recently rebuilt as a Nation. Some may have forgotten, but in the 1990s, large civilian layoffs forced the Pentagon to hire contractors to oversee other contractors—and the result was tens of billions of dollars wasted in "Lead System Integrator" or "TSPR" contracts.

This outsourcing of weapons system oversight cost the Army dearly. The Future Combat Systems program cost \$20 billion before it was cancelled, and yielded very few fielded capabilities. Another example is the Ground Mobile Radio, which was 7 years behind schedule and 70 percent over its development budget by the time it was terminated.

The drastic cuts in civilian oversight were a critical failure in both of these programs, and it is a mistake that we cannot afford to repeat again.

I look forward to working with you, our distinguished panel, throughout the year; so that our fiscal year 2015 appropriations bill can enable the United States Army to successfully defend our national interests around the world.

We sincerely appreciate your service to our Nation and the dedication and sacrifices made daily by the men and women in our Army.

Thank you for your testimony this morning, and your full statements will be included in the record.

Now I will turn to the Vice Chairman, Senator Cochran, for his opening remarks.

Senator DURBIN. Senator Cochran is not here at this moment but I will recognize him for opening remarks when he does appear.

Senator Collins, is there anything you'd like to say at the outset?

STATEMENT OF SENATOR SUSAN M. COLLINS

Senator COLLINS. Thank you, Mr. Chairman.

First, I want to thank you for holding this hearing to review the Department of the Army's fiscal year 2015 budget submission.

Last January, I joined a bipartisan group of 58 Senators in sending a letter to Secretary Hagel supporting a strong Army National Guard and urging him to carefully consider the appropriate balance of Active and Reserve component personnel. I was, therefore, disappointed when the President's budget request calls for such drastic cuts to the Army Reserve and National Guard end strengths.

As the military resizes, following more than a decade of war, I believe that the Department of Defense should place greater reli-

ance on the more cost effective Reserve and National Guard components; not less. Time and time again, the Army National Guard has answered our Nation's call to duty, whether here, at home, or half-way around the world. And we must make certain that we retain the important capabilities that the Guard represents.

So, for my part, I look forward to engaging the witnesses today on that important issue. And I will continue to press for maintaining a strong Army National Guard.

Let me just end by saying that I think it would be a disaster if the sequestration, which has already harmed our Government, comes back into play in the year 2016. And I hope that we can ensure that doesn't happen.

Thank you, Mr. Chairman.

Senator DURBIN. Thanks, Senator Collins.

I was given a note by the staff that Senator Cochran had to return to Mississippi because of the tornado damage. He won't be with us this morning, but I'd like to recognize Senator Shelby.

Senator SHELBY. Mr. Chairman, I just want to welcome Secretary and Chief of Staff and all of these other panelists today. I look forward to hearing them.

Senator DURBIN. Thanks a lot, Senator.

Secretary McHugh.

SUMMARY STATEMENT OF HON. JOHN M. MCHUGH

Secretary MCHUGH. Thank you very much, Mr. Chairman, Senator Shelby, Senator Collins. Thank you for allowing us to be here. This is my fifth appearance before this distinguished subcommittee. And, as always, we deeply appreciate the opportunity to discuss, what I know you'll agree, the really incredible work of our soldiers, our civilians and our leaders this past year to talk with you as well about the current state of America's Army. And as I think you, perhaps better than many on this Hill, understand the very perilous times that lie ahead should the vital requirements in our budget request not be approved.

I think it's important that I be clear up front and, simply put, the time for action is now. And frankly, perhaps as much as any time in our recent past, we need your support and your leadership going forward. We believe, very strongly, we require this budget to properly restructure, reduce, and to revamp our force. And, quite frankly, we need it to protect your Army as we march into a dangerous and very unpredictable future.

As you, the members of this subcommittee know, full well, the cuts that Senator Collins mentioned, that we've endured from the Budget Control Act and sequestration, have already damaged our readiness, drastically reduced our modernization programs, and demanded sharp cuts to our end strength. These, coupled with significant shortfalls in 23 OCO funding, caused your Army to enter this year with a \$3.2 billion hole in readiness alone. Moreover, and although the Bipartisan Budget Agreement provides some temporary relief, we're still implementing a \$7.7 billion cut to our fiscal year budget request for 2014, and, to meet our top line requirements, we've had to cut another \$12.7 billion from our 2015 submission.

In order to protect current operations, our combat power, as well as our soldiers and their families, we've been forced to make ex-

tremely hard choices in this budget. Choices that impact virtually every component, will affect every post, camp and station, and limit nearly every modernization and investment program.

This is not what we want. It's not what I believe your Army deserves, but it is what we have had to do to preserve America's land power in such an austere fiscal environment as constructed by the dictates approved in law. Nevertheless, in spite of turbulent funding and tremendous change, this past year has been one of great transition, transformation, and, I might add, triumph for America's Army not just here at home but across the globe as well. From intense combat to counterterrorism retrograde to humanitarian relief, disaster assistance, and regional engagement, your soldiers, civilians from every component, Active, National Guard, and Reserve, have seen unprecedented success, saved countless lives, and promoted freedom and democracy in some 150 nations around the world.

In Afghanistan, as your Army continues to fight insurgents and terrorists, we further transition into a training and support role helping to set conditions for elections in April and appropriate withdrawal in December. Simultaneously, we continued one of the largest retrograde operations in history; returning, removing or demilitarizing some 580,000 pieces of equipment in the past 12 months alone. We plan to retrograde over \$10.2 billion of the Army's \$15.5 billion in equipment that remains there at this time.

As we continue to fight in one theater, we also expanded our regional alignments conducting dozens of engagements with partners around the world. From the rebalance to the Pacific to exercises in the Middle East, Africa, South America, and Europe, our soldiers demonstrated their global responsiveness, reassured our allies, and deterred would-be aggressors.

As our forces performed these vital missions around the world, the Army began a major transformation to reorganize our brigade combat teams (BCTs), accelerate end-strike reductions, and cut our headquarters staff; all designed to help protect critical readiness and seek more balance under severe budgetary constraints.

As we continue to retrograde, restructure, and reduce, we also continue our transition to decisive action training replacing our recent focus on counterinsurgency. Unfortunately, due to the severe cuts in fiscal year 2013 we were forced to cancel seven combat training rotations and significantly reduce home station training. Although we ensured deploying units were fully trained, sequestration cuts directly impacted the training, readiness, and leader development of more than two divisions' worth of soldiers. And although readiness levels will increase through this year and into fiscal year 2015, as Senator Collins did note, the pending return of sequestration in fiscal year 2016 will quickly erode these gains.

Finally, I'd be remiss if I did not thank the Chairman, particularly for his comments about our extraordinary civilian employees. As the Chairman has said, they have borne a great burden. They have faced, over the past year, pay freezes and furloughs. And although our fiscal year 2014 appropriation brought some much needed relief, I fear we have yet to see the true impacts of these cuts as it will bear on their morale and, sadly, their retention. We owe them so very, very much.

Our fiscal year 2015 budget reflects the challenging fiscal times in which we live by making the hard strategic choices now. No question we face difficult decisions to further reduce end strength, realign our aviation assets, prioritize near-term readiness, and protect soldier and family programs. We do much of this by taking calculated risk in modernization and facilities programs. This budget is lean, it is stark, but it is critical to meet the needs of our Nation and its soldiers. And our request will begin further reductions to our end strength; reaching 450,000 Active, 335,000 Guard, and 195,000 Reserve soldiers by the end of fiscal year 2017.

It's important to note that we're also adjusting our force mix in favor of the Reserve component. This is the maximum end strength we can afford to protect readiness and the minimum we need to execute the 2012 Defense Strategic Guidance. Nevertheless, this is not without risk.

Members, we believe very strongly we must restructure our aviation portfolio. We know this is controversial, but we have no choice. The money is gone and we must balance these vital assets in a way that maximizes our readiness and minimizes costs across all components. And make no mistake about it, if our restructure proposals are delayed or rejected whether through a commission or other actions, we will be forced to take other immediate cuts to the Active Forces and those programs that have already been heavily impacted; further eroding our readiness and in impacting manning both civilian and military at every post, camp and station in the United States.

So, instead, we propose generating savings by reducing our total number of rotary platforms from seven to four. We will divest the older, less capable Kiowa Warrior and TH-67 trainers in favor of the Apaches and the Lakotas. In support, the Guard will transfer their low-density, high demand Apache attack helicopters to the Active Army and, in return, receive over 100 of our most modern Blackhawks, which are ideal for the dual combat and state support role.

This is the right thing to do. It allows us to better sustain a modernized more capable fleet across all components and significantly reduce sustainment cost. Once again, the vast majority of cuts, a total of 86 percent, come from the Active Army. Overall, the Guard's fleet will decline by just 8 percent while the Active Force declines by some 23 percent.

At its core, our Army is people. Accordingly, we are committed to protecting our soldiers, civilian, and family programs and, where appropriate, adding resources. And, in fact, we increased funding by nearly 46 percent across the myriad of programs associated with our ready and resilient campaign. In the prevention of sexual assault and harassment and suicide to transition assistance and comprehensive soldier and family fitness, we are determined to meet the needs of our warriors, employees and their families. We believe we have a sacred covenant with all who serve and all who support them and we will not break it.

Regarding facilities, our budget is just 49 percent of our fiscal year 2014 MILCON appropriation. And we are deferring some 20 projects across all components with, again, the vast majority coming from the Active component.

On a related note, let me take a moment to mention BRAC (base realignment and closure). I know it's not popular. As a member, I had a base in my district that closed due to BRAC. It wasn't fun. It's hard and we understand that. But, it was necessary then and, we believe, it's more necessary now. We cannot afford to pay for the maintenance and upkeep of unused or unnecessary facilities. It wastes money that we just don't have.

Members, as I've noted, we didn't want to make these decisions. We didn't want to limit our programs or cut the Army's end strength, but we had little choice. Nevertheless, we firmly believe we've developed a plan that balances the needs of our Nation, our soldiers, and their family members against the severe budget constraints and calculated risk. And now, we need your help.

If our planned reductions and realignments are derailed or delayed, we don't have the funding or time to adjust. Simply put, we need protection. We need predictability. We don't need politics.

PREPARED STATEMENT

In conclusion, on behalf of the men and women of your Army, let me thank you for your thoughtful oversights, steadfast support and proud partnership. Now, as I said before, we need your help. We need your leadership to safeguard the most capable land force the world has ever known as we prepare to meet the unforeseen challenges that lay ahead.

Thank you, Mr. Chairman. I look forward to your questions.
[The statement follows:]

PREPARED STATEMENT OF HON. JOHN M. MCHUGH AND GENERAL RAYMOND T. ODIERNO

INTRODUCTION

America's Army remains heavily committed in operations overseas as well as at home in support of our Combatant Commanders. More than 66,000 U.S. Army Soldiers are deployed to contingency operations, with nearly 32,000 Soldiers supporting operations in Afghanistan. In addition, there are approximately 85,000 Soldiers forward stationed across the globe in nearly 150 countries worldwide. Every day, the Soldiers and Civilians of the Active Army, Army National Guard and Army Reserve inspire us with their competence, character and commitment to serving our Nation. A typical day for our Soldiers may include patrolling alongside our Afghan National Army partners, standing watch on the DMZ in Korea, manning missile batteries in Turkey and Guam, delivering humanitarian relief to the Philippines, conducting logistics training in Sierra Leone, securing facilities in South Sudan and responding to floods, wildfires and tornados across the United States.

THE ARMY'S STRATEGIC VISION

The All-Volunteer Army will remain the most highly trained and professional land force in the world. It is uniquely organized with the capability and capacity to provide expeditionary, decisive land power to the Joint Force and ready to perform across the range of military operations to Prevent, Shape and Win in support of Combatant Commanders to defend the Nation and its interests at home and abroad, both today and against emerging threats.

Throughout our Nation's history, the United States has drawn down military forces at the close of every war. Today, however, we are in the process of rapidly drawing down Army forces before the war is over. At the same time, we continue to face an uncertain, complicated and rapidly changing international security environment, as stated in the 2014 Quadrennial Defense Review. In light of domestic

fiscal challenges, the Army is committed to doing its part to restore fiscal discipline and contribute to our Nation's economic strength. In a time of budget stringency, the Army's greatest challenge is providing steadfast support to worldwide operational commitments to include Afghanistan while simultaneously drawing down, reorganizing and preparing the force for a wider array of security missions and threats in the future. We are committed to ensure the U.S. Army remains the most highly trained and professional land force in the world.

Together, we must ensure our Army is trained and ready to prevent conflict, shape and set theaters for our geographic Combatant Commanders, deter aggression, and if necessary, win decisively in a sustained major combat operation. However, over the last 2 years, the impact of the Budget Control Act (BCA) of 2011 has resulted in declining readiness throughout the Total Army (Active Army, Army National Guard and Army Reserve).

BUDGETARY REDUCTIONS AND STRATEGIC CHOICES

Over the past 4 years, the Army has absorbed several budget reductions in the midst of conducting operations overseas and rebalancing the force to the wider array of missions required by 2012 Defense Strategic Guidance. To comply with the funding caps specified in the BCA, the fiscal year 2013 budget proposed \$487 billion in DOD funding reductions over 10 years, of which the Army's share was an estimated \$170 billion. In addition, sequestration was triggered in 2013, forcing an additional \$37 billion reduction in fiscal year 2013 and threatening a further total reduction in DOD funding of approximately \$375 billion through fiscal year 2021, with the Army's portion estimated at \$95 billion. In fiscal year 2013, a combination of sequestration and overseas contingency operations funding shortfalls degraded Army readiness levels. It caused the Army to carry over a readiness shortfall of \$3.2 billion to fiscal year 2014.

The Army continues to face an uncertain fiscal environment in the years ahead. The Bipartisan Budget Act (BBA) of 2013 provides the Army modest, temporary relief from BCA defense spending caps in 2014. The predictability afforded by known budget levels is appreciated, and the BBA supports an fiscal year 2015 Army funding level of \$120.5 billion. However, the Army still faces budget cuts of \$7.7 billion in fiscal year 2014, and an additional \$12.7 billion in fiscal year 2015, when compared to the President's fiscal year 2014 budget request. While we welcome the relief and predictability that the BBA provides, the Army will be forced to cut \$20.4 billion in planned funding, an abrupt reduction over a short 2-year period of time. Beyond fiscal year 2015, fiscal uncertainty remains, including the potential resumption of the sequestration-level spending caps in fiscal year 2016.

During this period of uncertainty in the fiscal and strategic environment, our goal has been to maintain the proper balance between end strength, readiness and modernization across the Total Army. We are reducing end strength as rapidly as possible, while still meeting our operational commitments, in order to concentrate remaining funds on rebuilding readiness. However, to do this we must accept greater risk in our modernization programs. To rebuild and sustain a force capable of conducting the full range of operations on land, to include prompt and sustained land combat, it is essential that we take steps to prevent hollowness within the force. Therefore, consistent with the 2012 Defense Strategic Guidance, we are in the process of drawing down Active Army end strength from a wartime high of 570,000 to 490,000—a 14 percent cut—by the end of fiscal year 2015. The Army National Guard will reduce from 358,200 to 350,200 and the Army Reserve will remain relatively constant, decreasing from 205,000 to 202,000 Soldiers. In conjunction with these end strength reductions, the Army decided to reorganize the current operational force of Active Army Infantry, Armored and Stryker Brigade Combat Teams (BCTs) from 38 to 32. This force structure reorganization will allow us to eliminate excess headquarters infrastructure while sustaining as much combat capability as possible.

The fiscal year 2015 budget request provides a balanced and responsible way forward in the midst of ongoing fiscal uncertainty. It allows the Army to reduce and reorganize force structure, but incurs some risk to equipment modernization programs and readiness. Under the fiscal year 2015 budget request, the Army will decrease end strength through fiscal year 2017 to a Total Army of 980,000 Soldiers—450,000 in the Active Army, 335,000 in the Army National Guard and 195,000 in the Army Reserve. This reduction will also adjust the force mix ratio between the active and reserve components. We will reverse the force mix ratio, going from a 51 percent active component and 49 percent reserve component mix in fiscal year 2012 to a 54 percent reserve component and 46 percent active component mix in

fiscal year 2017. The Army will be able to execute the 2012 Defense Strategic Guidance at this size and component mix, but it will be at significant risk.

But with sequestration-level caps in fiscal year 2016 and beyond the Army will be required to further reduce Total Army end strength to 420,000 in the Active Army, 315,000 in the Army National Guard and 185,000 in the Army Reserve by the end of fiscal year 2019. This would end up being a total reduction of 213,000 Soldiers with 150,000 coming from the Active Army, 43,000 coming from the Army National Guard and 20,000 from the Army Reserve. This includes a 46 percent reduction in Active Army BCTs and a 21 percent reduction in Army National Guard BCTs. Sequestration-level spending caps would also require a 25 percent reduction to Army modernization accounts, with no program unaffected. Major weapon programs will be delayed, severely impacting the industrial base both in the near and long term. Most significantly, these projected end strength levels would not enable the Army to execute the 2012 Defense Strategic Guidance.

For the next 3 years, as we continue to draw down and restructure into a smaller force, the Army will continue to have degraded readiness and extensive modernization program reductions. Under the President's budget, we will begin to regain balance between end strength, modernization and readiness beyond fiscal year 2017. Our goal would be to achieve balance by the end of fiscal year 2019 with 450,000 Soldiers in the Active Army, 335,000 in the Army National Guard and 195,000 in the Army Reserve.

Under sequestration-level spending caps, from fiscal year 2019 to fiscal year 2023 the Army will begin to establish the appropriate balance between readiness, modernization and end strength, albeit for a much smaller Army at 420,000 Soldiers in the Active Army, 315,000 in the Army National Guard and 185,000 in the Army Reserve. We will stabilize our end strength and force structure. From fiscal year 2020 to fiscal year 2023 we would begin achieving our readiness goals and reinvesting in modernization programs to upgrade our aging fleets. Our goal is to achieve balance by fiscal year 2023. The reduction in our institutional base will make reversibility significantly more difficult. Finally, the size of our Army at this level of funding will not allow us to execute the Defense Strategic Guidance and will put in doubt our ability to execute even one prolonged, multi-phased major contingency operation.

LEADER DEVELOPMENT

Developing adaptive Army leaders who possess the individual toughness, battlefield skill and fighting spirit that typify the American Soldier is one of our highest priorities. The unpredictable nature of human conflict requires leaders to not only lead in close combat but understand the operational and strategic environment, to include its socio-economic, cultural and religious underpinnings. Our leaders must demonstrate the competence, proficiency and professional values necessary to achieve operational and strategic mission success. We must continue to educate and develop Soldiers and Civilians to grow the intellectual capacity to understand the complex contemporary security environment to better lead Army, Joint, Interagency and Multinational task forces and teams. Therefore, we will reinvest and transform our institutional educational programs for officers and noncommissioned officers in order to prepare for the complex future security environment.

We will continue to build leaders who exhibit the character, competence and commitment that are hallmarks of the Army Profession. We are aggressively and comprehensively reinforcing our core values and ethical leadership throughout all unit and institutional training, leader development programs and professional military education. We will also transition to a new officer evaluation system that strengthens accountability and emphasizes the evaluation of character attributes and competencies. We have completed a 360-degree assessment pilot for all battalion and brigade commanders, which will be fully institutionalized across the force in 2014. We will continue peer assessments for all general officers and will institute 360-degree assessments for all general officers upon promotion to each general officer rank.

Today, our leaders are the most competent and operationally experienced since World War II. We must build on this incredible experience to develop leaders who can operate in an ever-changing, complex strategic environment, understanding the implications of critical thinking, rapid communications and cyber warfare as it relates to combined arms maneuver, irregular warfare and counterinsurgency operations.

THE ARMY: GLOBALLY RESPONSIVE, REGIONALLY ENGAGED STRATEGIC LAND FORCES

There is no more unambiguous display of American resolve than the deployment of the American Soldier. As part of the Joint Force, the Army deters potential adversaries by presenting a credible element of national power: Landpower that is decisively expeditionary and strategically adaptive. The Army possesses a lethal combination of capability and agility that strengthens U.S. diplomacy and represents one of America's most credible deterrents against hostility. If necessary, a ready Army can defeat or destroy enemy forces, control land areas, protect critical assets and populations and prevent the enemy from gaining a position of operational or strategic advantage. Ultimately, potential adversaries must clearly perceive Army forces as being capable of appropriate and rapid response anywhere in the world and across the entire range of military operations, from stability operations to general war.

A ready and capable Total Army provides Joint and Combined forces with expeditionary and enduring landpower for the full range of military operations. Regionally aligned Army forces provide direct support to geographic and functional combatant commands. Army forces are tailorable and scalable, prepared to respond rapidly to any global contingency mission. The Army maintains a responsive force posture through an effective mix of Total Army capabilities and network of installations at home and abroad, to include Army prepositioned stocks. The Army National Guard and Army Reserve provide predictable, recurring and sustainable capabilities and strategic depth. Rapidly deployable Army forces, to include airborne forces, are able to respond to contingencies and conduct forcible entry operations anywhere in the world on short notice. Army prepositioned equipment across the globe also enables the rapid air deployment of Army combat and support forces.

Missions as a Member of the Joint Force

As an interoperable member of the Joint Force, the Army sets the theater for Combatant Commanders by providing unique capabilities en route to, and operating within, austere environments to support all plans and contingencies. These capabilities include special operations and ground forces, operational leadership and mobility, and critical enablers such as aviation, missile defense, intelligence, engineers, logistics, inland ground transportation infrastructure, medical and signal/communications.

The Army provides the Joint Force versatility across the full range of military operations, underpinning operational and strategic reach through the full length of a campaign, often in contested environments. Effective joint operations require Army ground combat forces and Army critical enablers. A significant portion of the Army's force structure is devoted to enabling the Joint Force as well as our Multinational and Interagency partners.

We provide a variety of Joint Task Force headquarters certified and trained to lead Joint Forces, plan operations and exercise mission command of units across the full range of military operations. We provide strategic, operational and tactical logistics, worldwide engineering support and intelligence capabilities, as well as space-based and terrestrial command and control networks that connect our own units, the Joint community, and Interagency and Multinational partners. The Army is also investing in emerging and evolving missions such as operations in cyberspace and countering weapons of mass destruction. For example, we continue to develop and field cyber mission forces that enable the success of our national mission force, combatant commands and Army land forces.

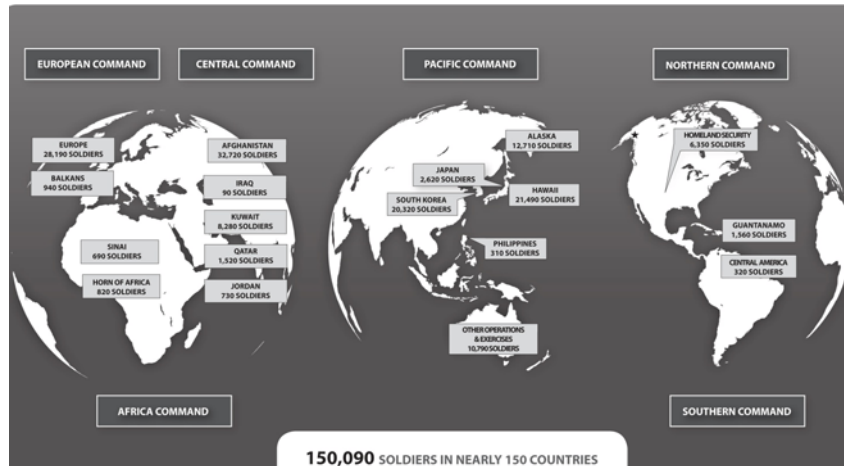
Regionally Aligned Forces

The Army is regionally aligning forces in support of the geographic and functional combatant commands. These forces provide deployable and scalable regionally focused Army forces task organized for direct support of geographic and functional combatant commands and Joint requirements. Forward stationed Army forces in the Republic of Korea, Japan and Europe, along with Army units based in the United States are aligned with combatant commands. These forces shape and set theaters for regional commanders employing unique Total Army characteristics and capabilities to influence the security environment, build trust, develop relationships and gain access through rotational forces, multilateral exercises, military-to-military engagements, coalition training and other opportunities.

Army forces strengthen alliances and ensure collective capability while building capacity and serving common interests. In many regions of the world, Army military-to-military relationships have enabled the U.S. to remain a trusted and welcome partner over the years. The Army's Special Forces Groups provide extraordinary regional expertise and unique capabilities, as well as years of experience, to

the combatant commands. The Army National Guard, through the State Partnership Program, maintains long-term partnerships worldwide.

SOLDIERS DEPLOYED AND FORWARD STATIONED



We are expanding regional alignment of the Total Army as the drawdown in Afghanistan continues and additional formations become available. The Army's first regionally aligned BCT—the 2nd Brigade, 1st Infantry Division stationed at Fort Riley, Kansas—began actively supporting U.S. Africa Command in March 2013 and has conducted over 70 missions, from crisis response to security cooperation, in more than 30 countries. 1st Infantry Division headquarters, building upon the initial success of its 2nd Brigade and aligned with U.S. Africa Command, is planning a Libyan General Purpose Force training mission. The 48th Infantry BCT, Georgia Army National Guard, is aligned with U.S. Southern Command and has deployed teams to several Central and South American countries. The Fort Hood-based 1st BCT, 1st Cavalry Division, aligned with U.S. European Command, participated in multilateral exercises and training as the primary U.S. land force contribution to the NATO Response Force.

About 80,000 active and reserve component Soldiers are postured to support operations and engagements in the Asia-Pacific region. I Corps, stationed at Joint Base Lewis-McChord, Washington, and assigned to U.S. Pacific Command, provides deployable mission command capability for contingencies and enhances an already strong Army presence in the Asia-Pacific region. The Army maintains a Terminal High Altitude Area Defense battery deployed to Guam, defending our allies and supporting the Pacific theater's ballistic missile defense posture. During fiscal year 2013, U.S. Army Pacific conducted 28 large-scale exercises with 13 countries. Soldiers also conducted security cooperation engagements with 34 countries in the Asia-Pacific region.

During fiscal year 2013, a total of more than 109,000 Soldiers deployed in support of operations in Afghanistan. More than 4,300 Soldiers supported Operation Spartan Shield, our ongoing effort to maintain stability in the region and reassure our allies and partners in U.S. Central Command's area of responsibility. In addition, during fiscal year 2013 more than 2,200 Soldiers participated in seven exercises in the region. III Corps, stationed at Fort Hood, Texas, and 1st Armored Division headquarters, stationed at Fort Bliss, Texas, are both aligned with U.S. Central Command. In June 2013 the 1st Armored Division headquarters deployed to Jordan, providing mission command for several regional exercises and conducting training with allied and partner forces.

Missions at Home and Support of Civil Authorities

The Total Army defends the Homeland and supports civil authorities for a variety of complex missions. Soldiers from the active and reserve components are engaged in the Homeland on a daily basis, in capacities ranging from personnel serving as defense coordinating officers in support of the Federal Emergency Management Agency to U.S. Army North leading and coordinating Army missions in support of civil authorities. The Army stands ready to conduct a no-notice response in support

of civil authorities, particularly for a complex catastrophe that may require the employment of a significant Army force. The Total Army also provides the preponderance of forces for the Department of Defense's Chemical, Biological, Radiological and Nuclear Response Enterprise. Army National Guard air and missile defense units protect our Nation's Capital and provide manning for Ground-based Midcourse Defense systems deployed in Alaska and Colorado that will deter and defeat missile attacks on our Nation. Soldiers support Federal drug enforcement efforts along our Nation's southern border every day.

Over the past year, the Army responded to natural disasters in the United States with sustained, life-saving support. The Army National Guard conducted firefighting operations in several Western States. In September 2013, active and reserve component Soldiers provided rapid assistance when severe storms caused devastating floods and landslides in northern Colorado. A team of about 700 Soldiers from the Colorado and Wyoming Army National Guard, as well as the Active Army's 4th Infantry Division stationed at Fort Carson, Colorado, evacuated more than 3,000 displaced residents. Soldiers and Civilians from the U.S. Army Corps of Engineers also supported operations in Colorado, and continue to support ongoing national efforts to restore critical infrastructure following Hurricane Sandy.

ENSURING A READY ARMY

A trained and ready Army must be able to rapidly deploy, fight, sustain itself and win against complex state and non-state threats in austere environments and rugged terrain. Readiness is measured at both the service and unit levels. Service readiness incorporates installations and the critical ability of the Army to provide the required capacities (units) with the requisite capabilities (readiness) to execute the roles and missions required by combatant commands. Unit readiness is the combination of personnel, materiel and supplies, equipment and training that, when properly balanced, enables immediate and effective application of military power.

Training

Training across the Total Army serves two main purposes: Preparing units to support combatant commands worldwide and developing leaders who can adapt to the complex security environment. To meet demands across the full range of military operations, the Army will shift the focus of training on rebuilding war fighting core competencies. We are reinvigorating our Combat Training Centers (CTCs), to challenge and certify Army formations in a comprehensive and realistic decisive action training environment that features regular, irregular and insurgent enemy forces. Tough, realistic multi-echelon home station training using a mix of live, virtual and constructive methods efficiently and effectively builds Soldier, leader and unit competency over time.

From 2004 to 2011, all CTC rotations were focused on building readiness for assigned missions in a counterinsurgency environment. This shift impacted 5,500 company commanders, 2,700 field grade officers and 1,000 battalion commanders. Recognizing this atrophy in readiness for the full range of military operations, the Army returned to conducting decisive action CTC rotations in 2011, with a plan to cycle nearly all Active Army BCTs by the end of fiscal year 2015 along with the requisite amount of available Army National Guard BCTs. However, due to sequestration, the Army canceled seven CTC rotations in 2013 and significantly reduced home station training, negatively impacting the training, readiness and leader development of more than two divisions' worth of Soldiers. Those lost opportunities only added to the gap created from 2004 to 2011, creating a backlog of professional development and experience.

The BBA allows us to remedy only a fraction of that lost capability. Even with increased funding, in fiscal year 2014 the Army will not be able to train a sufficient number of BCTs to meet our strategic requirements. Seventeen BCTs were originally scheduled to conduct a CTC rotation during fiscal year 2014. BBA-level funding enables the addition of another two BCT rotations, for a total of 19 for the fiscal year. However, due to the timing of the additional funding, some BCTs were still unable to conduct a full training progression before executing a CTC rotation. Without the benefit of sufficient home station training, BCTs begin the CTC rotation at a lower level of proficiency. As a result, the CTC rotation does not produce the maximum BCT capability, in terms of unit readiness. For BCTs that do not conduct a CTC rotation, we are using available resources to potentially train these formations up to only battalion-level proficiency.

The Army can currently provide only a limited number of available and ready BCTs trained for decisive action proficiency, which will steadily increase through fiscal year 2014 and the beginning of fiscal year 2015. But with potential sequestration in fiscal year 2016, readiness will quickly erode across the force. We must have pre-

dictable, long-term, sustained funding to ensure the necessary readiness to execute our operational requirements and the Defense Strategic Guidance.

Fiscal shortfalls have caused the Army to implement tiered readiness as a bridging strategy until more resources become available. Under this strategy, only 20 percent of operational forces will conduct collective training to a level required to meet our strategic requirements, with 80 percent of the force remaining at a lower readiness level. Forward stationed forces in the Republic of Korea will remain ready, as will those dedicated as part of the Global Response Force. Forces deployed to Afghanistan are fully trained for their security assistance mission but not for other contingencies. The Army is also concentrating resources on a contingency force of select Infantry, Armored and Stryker BCTs, an aviation task force and required enabling forces to meet potential unforeseen small scale operational requirements. Unless Army National Guard and Army Reserve units are preparing for deployment, the Army will only fund these formations to achieve readiness at the squad, team and crew level.

Force Structure

We have undertaken a comprehensive reorganization of Army units to better align force structure with limited resources and increase unit capability. Unit reorganizations are necessary to begin balancing force structure, readiness and modernization. However, when combined with reduced funding and operational demand, the pace of force structure changes will reduce our ability to build readiness across the force during fiscal year 2014 and fiscal year 2015.

Reorganization of the current operational force of Active Army Infantry, Armored and Stryker BCTs from 38 to 32 reduces tooth to tail ratio and increases the operational capability of the remaining BCTs. All Active Army and Army National Guard BCTs will gain additional engineer and fires capability, capitalizing on the inherent strength in combined arms formations. Initially, 47 BCTs (29 Active Army and 18 Army National Guard) will be organized with a third maneuver battalion. The remaining 13 BCTs (3 Active Army and 10 Army National Guard) will be re-evaluated for possible resourcing of a third maneuver battalion in the future.

Following a comprehensive review of our aviation strategy, the Army has determined that it must restructure aviation formations to achieve a leaner, more efficient and capable force that balances operational capability and flexibility across the Total Army. We will eliminate older, less capable aircraft, such as the OH-58 A/C Kiowa, the OH-58D Kiowa Warrior and the entire fleet of TH-67 JetRangers, the current trainer. The Army National Guard will transfer low-density, high-demand AH-64 Apache helicopters to the Active Army, where they will be teamed with unmanned systems for the armed reconnaissance role as well as their traditional attack role. The Active Army in turn will transfer over 100 UH-60 Blackhawk helicopters to the Army National Guard. These aircraft will significantly improve capabilities to support combat missions and increase support to civil authorities, such as disaster response, while sustaining security and support capabilities to civil authorities in the states and territories.

The Army will also transfer nearly all Active Army LUH-72 Lakota helicopters to the United States Army Aviation Center of Excellence at Fort Rucker, Alabama, and procure an additional 100 LUH-72 Lakotas to round out the training fleet. These airframes will replace the TH-67 JetRanger helicopter fleet as the next generation glass cockpit, dual engine training helicopter. At current funding levels, this approach will enable the Army National Guard to retain all of its LUH-72 aircraft for general support requirements as well as ongoing border security operations. The Aviation Restructure Initiative allows us to sustain a modernized fleet across all components and reduces sustainment costs. Eighty-six percent of the total reduction of aircraft (687 of 798) will come out of the active component. The Active Army's overall helicopter fleet will decline by about 23 percent, and the Army National Guard's fleet of helicopters will decline by approximately 8 percent, or just over 100 airframes. The resulting active and reserve component aviation force mix will result in better and more capable formations which are able to respond to contingencies at home and abroad.

SOLDIERS, CIVILIANS AND OUR FAMILIES: THE PREMIER ALL-VOLUNTEER ARMY

Trust is the foundation of military service. An individual's choice to serve, whether enlisting or reenlisting, depends on a strong bond of trust between the volunteer, the Army and the Nation. Soldiers need to know that the Nation values their service and will provide them with the training, equipment and leadership necessary to accomplish their mission. They also want to know that their Families will enjoy a quality of life that is commensurate with their service and sacrifice. For that reason, one of our top priorities as we make the transition from war and drawdown the

Army—regardless of fiscal challenges—must be the welfare, training and material resources we put toward maintaining the trust of our Soldiers, Civilians and their Families.

Ready and Resilient Campaign

Perhaps nothing exemplifies the idea of trust more than President Abraham Lincoln's second inaugural address when he called upon the Nation to care for those who have borne the burdens of battle and their Families. The effects of deploying are sometimes severe and lifelong. As a result, the continued care and treatment of Soldiers and their Families is a lasting priority. Yet even as we work to recover and rehabilitate those most severely affected by two wars, we know that an ever increasing portion of our Army has not faced warfare. Understandably, they have new and different challenges. In both cases, Army readiness is directly linked to the ability of our force to deal with personal, professional and unforeseen health concerns, such as mental and physical challenges. We must also begin to view health as more than simply healthcare, and transition the Army to an entire system for health that emphasizes the performance triad—sleep, activity and nutrition—as the foundation of a ready and resilient force.

The Ready and Resilient Campaign, launched in March 2013, serves as the focal point for all Soldier, Civilian, and Family programs and promotes an enduring, holistic and healthy approach to improving readiness and resilience in units and individuals. The campaign seeks to influence a cultural change in the Army by directly linking personal resilience to readiness and emphasizing the personal and collective responsibility to build and maintain resilience at all levels. The campaign leverages and expands existing programs, synchronizing efforts to eliminate or reduce harmful and unhealthy behaviors such as suicide, sexual harassment and assault, bullying and hazing, substance abuse and domestic violence. Perhaps most importantly, the campaign promotes positive, healthy behaviors while working to eliminate the stigma associated with asking for help.

Sexual Harassment / Assault Response and Prevention (SHARP) Program

The Army is an organization built on and bound by values. Sexual harassment and assault in all its forms is abhorrent to every one of those values. Simply put, sexual assault is a crime that will not be tolerated. The overwhelming majority of Soldiers and Civilians serve honorably and capably, but we must recognize that the ill-disciplined few jeopardize the safety of all our people as well as the trust and confidence the American people have in their Army.

Army actions to combat sexual assault and harassment are driven by five imperatives. First, we must prevent offenders from committing crimes, provide compassionate care for victims and protect the rights and privacy of survivors. Second, we must ensure that every allegation is reported, it is thoroughly and professionally investigated, and we must take appropriate action based on the investigation. Third, we shall create a positive climate and an environment of trust and respect in which every person can thrive and achieve their full potential, and continually assess the command climate. Fourth, we will hold every individual, every unit and organization and every commander appropriately accountable for their behavior, actions and inactions. Finally, the chain of command must remain fully engaged—they are centrally responsible and accountable for solving the problems of sexual assault and sexual harassment within our ranks and for restoring the trust of our Soldiers, Civilians and Families.

Our goal is to reduce and ultimately eliminate this crime from our ranks. To underscore the importance of the chain of command's role in preventing sexual assault, the Army now includes command climate and SHARP goals and objectives in all officer and non-commissioned officer evaluations and unit command climate surveys. Accountability is reinforced by training and education on the appropriate behaviors, actions and reporting methods. The Army has integrated SHARP training into every professional development school, making sure it is tailored to roles and responsibilities appropriate to each course's population.

We are making progress, particularly on reporting and investigating these incidents. Over the past year the Army expanded the Special Victim Capability Program to include 23 special victim prosecutors, 22 sexual assault investigators and 28 special victim paralegals at 19 installations worldwide. These professionals are trained in the unique aspects of investigating and prosecuting sexual assault cases. We have also trained 81 active and 24 reserve component judge advocates through our Special Victim Counsel Program, which was established in September 2013. As of December 2013, 241 victims had received over 1,443 hours of legal services from these specially trained counsel, including appearances at Article 32 hearings and courts-martial.

Army commanders, advised by judge advocates, continue to take the most challenging cases to trial, including cases that civilian authorities have declined to prosecute. For cases in which the Army had jurisdiction over the offender and a final disposition was made, commanders prosecuted rape and sexual assault at a rate more than double the estimated average prosecution rates in civilian jurisdictions. The Army also provides sexual assault patients with expert, emergency treatment for their immediate and long-term needs. Regardless of evidence of physical injury, all patients presenting to an Army medical treatment facility with an allegation of sexual assault receive comprehensive and compassionate medical and behavioral healthcare.

Sexual assault is antithetical to competent command, and it is important that commanders retain their authority over the disposition of sexual assault cases. Removal of that authority would make it harder to respond to the needs of Soldiers within the command, especially the victims. Many of the Army's most difficult problems—such as integration—were solved by making commanders more accountable, not less. Therefore the Army opposes legislative efforts to remove commanders from the disposition process.

Suicide Prevention

The Army Suicide Prevention Program, part of the Ready and Resilient Campaign, has significantly enhanced our understanding of one of our greatest challenges: the loss of Soldiers to suicide. The Army has expanded and increased access to behavioral health services and programs that develop positive life-coping skills. A comprehensive education and training program is helping Soldiers, Civilians and Family members improve their ability to cope with stress, relationships, separations, deployments, financial pressures and work-related issues. The goal is to increase resiliency and, just as important, access to support. Our Suicide Reduction Working Group provides a forum for stakeholders to collaborate on initiatives that mitigate high-risk behaviors. The Army continues to revise and create policy to promote and increase awareness of prevention and intervention skills, services and resources. We have seen an aggregate drop in suicides, and while not a declaration of success, it is a leading indicator that our resiliency efforts are starting to take hold across the force.

Role of Women in the Army

Women continue to play an important role in making our Army the best in the world. We are validating occupational standards for integrating women into all career fields. By reinforcing universal standards for each Soldier—regardless of gender—in a deliberate, measured and responsible manner we increase unit readiness, cohesion and morale while allowing for qualification based on performance, not gender, across our profession.

Army Training and Doctrine Command is leading our effort with the Soldier 2020 initiative, which seeks to ensure we select the best Soldiers for each military occupational specialty, regardless of gender. It is a standards-based, holistic and deliberate approach that uses scientific research to clearly define physical accessions standards based on mission requirements for each Army occupation. Simultaneously, we are conducting an extensive study to identify the institutional and cultural factors affecting gender integration, to develop strategies for the assimilation of women into previously restricted units. An important part of that process will be to ensure we have a qualified cadre of female leaders, both officers and noncommissioned officers, in place prior to the introduction of junior female Soldiers to serve as role models and provide mentorship during this transition.

During the last year the Army opened approximately 6,000 positions in 26 BCTs, select aviation specialties in special operations aviation and approximately 3,600 field artillery officer positions. The Army anticipates opening an additional 33,000 previously closed positions during fiscal year 2014.

Recruitment and Retention

The Army is defined by the quality of the Soldiers it recruits and retains. We are only as good as our people, and recruiting standards and reenlistment thresholds remain high. During fiscal year 2013, 98 percent of the Army's recruits were high school graduates, exceeding our goal of 90 percent. We are also on track to achieve retention rates consistent with the past 3 years. The need to recruit and retain high-quality Soldiers will only grow in importance as we continue to draw down our forces.

Unfortunately, natural attrition alone will not achieve the Army's reduced end strength requirements. Inevitably, the Army will not be able to retain good Soldiers on active duty who have served their Nation honorably. The Army must responsibly balance force shaping across accessions, retention, and promotions, as well as vol-

untary and involuntary separations. During fiscal year 2013, the Army reduced accessions to the minimum level needed to sustain our force structure, achieve end strength reductions and reestablish highly competitive but predictable promotion opportunity rates. The Army also conducted Selective Early Retirement Boards for lieutenant colonels and colonels and, likewise, a Qualitative Service Program for staff sergeants through command sergeants major, all aimed at achieving 490,000 Active Army end strength by the end of fiscal year 2015. During fiscal year 2014 the Army will conduct Officer Separation Boards and Enhanced Selective Early Retirement Boards for qualified majors and captains. We remain committed to assisting Soldiers and their Families as they depart Active Army formations and transition to civilian life, and we encourage continued service in the Army National Guard or Army Reserve.

Role of the Army Civilian

As the Army evolves so too must its civilian workforce, which will also draw down concurrent with reductions to military end strength. Army Civilians will reduce from a wartime high of 285,000 to 263,000 by the end of fiscal year 2015. As the civilian workforce is downsized, we will do it smartly, focusing on preserving the most important capabilities. This requires a broader strategy that links functions, funding and manpower to produce the desired civilian workforce of the future—one that fully supports the generation of trained and ready combat units. The Army will manage the civilian workforce based on workload and funding available. We will use all available workforce shaping tools such as Voluntary Early Retirement Authority and Voluntary Separation Incentive Pay to reduce turbulence in our civilian workforce. We will target the skills we need to retain, and voluntarily separate those with skills no longer needed. If we cannot achieve our Army Civilian reduction goals by voluntary means, we will use Reduction in Force as a last resort.

The possibility of future reductions only adds to the burdens we've placed on Army Civilians in recent years. Last year, the Army furloughed more than 204,000 civilian employees, forcing them to take a 20 percent reduction in pay for 6 weeks during the fourth quarter of fiscal year 2013. Furloughs came on the heels of 3 years of frozen pay and performance-based bonuses. The tremendous impact on the morale of our civilian workforce cannot be understated, and some of our highest quality civilian personnel have sought employment in the private sector.

We rely heavily on our Army Civilians, and they have remained dedicated and patient during the last few years of uncertainty and hardship. Like their uniformed counterparts, Army Civilians are required to demonstrate competence, technical proficiency and professional values to achieve mission and individual success. Over the past 3 years the Army has implemented a number of changes to improve training, educational and experiential opportunities for the civilian workforce. Focused leader development, improvements to the Civilian Education System and continued maturity of the Senior Enterprise Talent Management Program are all designed to build a more professional and competency-based civilian workforce.

The Army is also streamlining its contractor workforce by reducing contract spending at least to the same degree as, if not more than, reductions to the civilian workforce; contractor reductions are approximately \$1.5 billion in fiscal year 2015. The use of contracted services will continue to be reviewed to ensure the most appropriate, cost effective and efficient support is aligned to the mission. As the Army continues its workforce shaping efforts, contracted manpower will be appropriately managed based on functional priorities and available funding to ensure compliance with law.

Compensation Reform

We are extremely grateful for the high quality care and compensation our Nation has provided to our Soldiers over the last decade. Military manpower costs remain at historic highs. We must develop adjustments to military compensation packages that reduce future costs, recognize and reward our Soldiers and their Families for their commitment and sacrifice, while ensuring our ability to recruit and retain a high quality All-Volunteer Army. While we recognize the growing costs of manpower, we must also approach reform from the perspective that compensation is a significant factor in maintaining the quality of the All-Volunteer Army, and always has been.

After 13 years of war, the manner in which we treat our Soldiers and Families will set the conditions for our ability to recruit in the future. That said, if we do not slow the rate of growth of Soldier compensation, it will consume a higher, disproportionate percentage of the Army's budget and without compensation reform we will be forced to reduce investments in readiness and modernization. The Army supports a holistic and comprehensive approach that reforms military compensation in

a fair, responsible and sustainable way. Changes to military compensation included in the fiscal year 2015 budget request—which include slowing the growth of housing allowances, reducing the annual direct subsidy provided to military commissaries and simplifying and modernizing our TRICARE health insurance program—are important first steps that generate savings while retaining competitive benefits. These savings will be invested in readiness and modernization.

EQUIPMENT MODERNIZATION, BUSINESS PROCESS IMPROVEMENT AND SUSTAINMENT

The Army makes prudent choices to provide the best possible force for the Nation with the resources available, prioritizing Soldier-centered modernization and procurement of proven and select emerging technologies. The institutional Army manages programs that sustain and modernize Army equipment, enabling the operational Army to provide responsive and ready land forces. We will continue to improve the efficiency and effectiveness of our business processes to provide readiness at best value.

Focus Area Review

Army senior leaders conducted reviews to consolidate and reorganize organizations, programs and functions across several focus areas—readiness, institutional and operational headquarters reductions, operational force structure, installations services and investments, the acquisition workforce and Army cyber and command, control, communications and intelligence. As a result of this effort, the Army will achieve greater efficiency across our core institutional processes, consolidate functions within the acquisition workforce and reduce headquarters overhead by up to 25 percent.

Equipment Modernization

Modernization enables the Army to meet requirements with a smaller, fully capable and versatile force that is equipped to defeat any enemy and maintain dominance on land. BCA-driven budget reductions have placed Army equipment modernization at risk through program terminations, procurement delays and program restructures. Research, development and acquisition funding has declined 39 percent since the fiscal year 2012 budget planning cycle and the long-term effect will be additional stress on current vehicle fleets, reduced replacement of war-worn equipment, increased challenges sustaining the industrial base and limited investment in the modernization of only the most critical capabilities.

The Army's equipment modernization strategy focuses on effectively using constrained resources for near-term requirements and tailoring our long-term investments to provide the right capabilities for Soldiers in the future. This approach calls for carefully planned investment strategies across all Army equipment portfolios, which will involve a mix of limiting the development of new capabilities, incrementally upgrading existing platforms and investing in key technologies to support future modernization efforts. The strategy captures the Army's key operational priorities: enhancing the Soldier for broad joint mission support by empowering and enabling squads with improved lethality, protection and situational awareness; enabling mission command by facilitating command and control, and decisionmaking, with networked real-time data and connectivity with the Joint Force; and remaining prepared for decisive action by increasing lethality and mobility, while optimizing the survivability of our vehicle fleets.

ARMY EQUIPPING STRATEGY

Investment focused on:

- Deploying and redeploying units,
- Managing equipment retrograde,
- Reorganizing BCTs,
- Supporting rebalance to the Asia-Pacific region,
- Resetting our equipment,
- Redistributing equipment to raise readiness across all Army components,
- Repositioning forces,
- Aligning wartime equipment with the Army's current needs,
- Divesting equipment we no longer need, and
- Remaining prepared for homeland defense priorities.

In the short-term, the Army remains focused on several efforts. We are reducing procurement to match force structure reductions. We will continue to apply business

efficiencies such as multiyear contracts, planning for should-cost and implementation of Better Buying Power, to facilitate smarter investing. We will tailor capabilities in development to meet requirements under affordability constraints. We will not transition four programs to the acquisition phase, to include the Ground Combat Vehicle and the Armed Aerial Scout. Additionally, we will end 4 programs, restructure 30 programs and delay 50 programs. Lastly, the divestiture of materiel and equipment, where appropriate, will reduce maintenance and sustainment costs and support the maximization of resources. Over the long-term, investing in the right science and technology and applying affordable upgrades to existing systems will allow us to keep pace with technological change and improve capabilities.

Ground Vehicles

A new Infantry Fighting Vehicle (IFV) remains a key requirement for the Army. However, due to significant fiscal constraints, the Army has determined that the Ground Combat Vehicle program will conclude upon completion of the Technology Development phase, expected in June 2014, and will not continue further development. In the near-term, the Army will focus on refining concepts, requirements and key technologies in support of a future IFV modernization program. This will include investment in vehicle components, sub-system prototypes and technology demonstrators to inform IFV requirements and future strategies for developing a Bradley Infantry Fighting Vehicle replacement. Over the long-term, the Army anticipates initiating a new IFV modernization program informed by these efforts as resources become available.

The Army is also committed to developing and fielding the Armored Multi-Purpose Vehicle to replace our obsolete M113 family of vehicles and augmenting our wheeled vehicle fleet with the Joint Light Tactical family of vehicles. In addition, the Army will continue to fund a third brigade's set of Double V-Hull (DVH) Stryker vehicles, while supporting an incremental upgrade to DVH Strykers for power and mobility improvements.

Army Aviation

The Army will divest legacy systems and fund the modernization and sustainment of our most capable and survivable combat-proven aircraft: the AH-64 Apache, UH-60 Blackhawk and CH-47 Chinook helicopters. We will divest almost 900 legacy helicopters including the entire single engine OH-58D Kiowa Warrior and TH-67 helicopter training fleets. The Army will also modernize our training fleet with LUH-72 Lakota helicopters.

The Network

The equipment modernization strategy seeks to provide the Soldier and squad with the best weapons, equipment, sustainment and protection with the support of the network. LandWarNet is the Army's globally interconnected network that is "always on and always available," even in the most remote areas of the globe. LandWarNet enables mission command by carrying the data, voice and video every Soldier and leader needs to act decisively and effectively. It supports all Army operations, from administrative activities in garrison to operations conducted by our forward stationed and deployed Soldiers. Additionally, it forms the basis of our live, virtual and constructive training.

Equipment Reset and Retrograde

Retrograde is the return of equipment to facilities for reset and to support future force structure and operations. By December 2014, the Army plans to retrograde approximately \$10.2 billion of the \$15.5 billion worth of Army equipment currently in Afghanistan. The balance of the equipment will be used by our forces, transferred to the Afghans or to another troop contributing nation, or disposed of properly in theater, which will provide a cost avoidance of more than \$844 million in transportation, storage and security costs. The total cost of moving the equipment out of Afghanistan is estimated at roughly \$1-3 billion. The cost range is due to the unpredictable nature of our ground routes through Pakistan and other Central Asian countries that may require a shift to more expensive multimodal or direct air cargo movement.

Once the equipment returns to the United States, our reset program restores it to a desired level of combat capability commensurate with a unit's future mission. A fully funded Army reset program is critical to ensuring that equipment worn and damaged by prolonged conflict in harsh environments is recovered and restored for future Army requirements. During fiscal year 2013, the Army reset approximately 87,000 pieces of equipment at the depot level and about 300,000 pieces of equipment, such as small arms; night vision devices; and nuclear, biological and chemical equipment, at the unit level. As a result of sequestration, we deferred approximately

\$729 million of equipment reset during fiscal year 2013, postponing the repair of nearly 700 vehicles, 28 aircraft, 2,000 weapons and Army prepositioned stocks. The projected cost of the reset program is \$9.6 billion (not including transportation costs), which extends for 3 years after the last piece of equipment has returned. Resources available under planned spending caps are not sufficient to fully reset returning equipment from Afghanistan in a timely and efficient manner.

Organic and Commercial Industrial Base

The Army's industrial base consists of commercial and Government-owned organic industrial capability and capacity that must be readily available to manufacture and repair items during both peacetime and national emergencies. The Army must maintain the critical maintenance and manufacturing capacities needed to meet future war-time surge requirements, as well as industrial skills that ensure ready, effective and timely materiel repair. We are sizing the organic industrial workforce to meet and sustain core depot maintenance requirements and critical arsenal manufacturing competencies. We will also continue to work with our industrial partners to address energy, water and resource vulnerabilities within our supply chain.

ORGANIC INDUSTRIAL BASE

During Operations Iraqi Freedom and Enduring Freedom, the organic industrial base surged capacity and in some cases tripled their prewar output. The organic industrial base consists of:

- Five maintenance depots,
- Three manufacturing arsenals and
- Eleven ammunition plants.

Both the commercial and organic elements of the industrial base are essential to the efficient development, deployment and sustainment of Army equipment. Over the past decade, the Army relied on market forces to create, shape and sustain the manufacturing and technological capabilities of the commercial industrial base. However, reduced funding levels due to sequestration accelerated the transition from wartime production levels to those needed to support peacetime operations and training. During fiscal year 2013, the Army lost more than 4,000 employees from the organic industrial base and will continue to lose highly skilled depot and arsenal workers to other industries due to fiscal uncertainty. Hiring and overtime restrictions, in addition to furloughs, affected productivity and increased depot carryover, not to mention the detrimental effect on worker morale.

Installations

In fiscal year 2013, the Army deferred critical upkeep on thousands of buildings across Army installations due to a reduction of \$909 million in sustainment, restoration and maintenance funding. End strength reductions have reduced some associated sustainment costs, but key facility shortfalls remain that will continue to impact Army readiness. Increased funding in fiscal year 2014 enables investment in facility readiness for critical infrastructure repair as well as high priority restoration and modernization projects. The fiscal year 2015 budget reflects our measured facility investment strategy that focuses on restoration, modernization and limited new construction.

The capacity of our installations must also match the Army's decreasing force structure. At an Active Army end strength of 490,000 Soldiers, which we will reach by the end of fiscal year 2015, we estimate that the Army will have about 18 percent excess capacity. We need the right tools to reduce excess installations capacity, or millions of dollars will be wasted maintaining underutilized buildings and infrastructure. Failure to reduce excess capacity is tantamount to an "empty space tax" diverting hundreds of millions of dollars per year away from critical training and readiness requirements. Trying to spread a smaller budget over the same number of installations and facilities will inevitably result in rapid decline in the condition of Army facilities.

The Base Realignment and Closure (BRAC) process is a proven, fair and cost-effective means to address excess capacity in the United States. BRAC has produced net savings in every prior round. On a net \$13 billion investment, the 2005 BRAC round is producing a net stream of savings of \$1 billion a year. We look forward to working with Congress to determine the criteria for a BRAC 2017 round.

Energy and Sustainability

We are establishing an energy informed culture as a key component of Army readiness. Through a synchronized campaign of performance initiatives, business process changes and education and training opportunities, the Army seeks to achieve a lasting capability to use energy to the greatest benefit. The campaign includes efforts focused on both the energy required for military operations (operational energy) and the energy required by our power-projection installations around the world.

In a tighter budget environment, the Army must manage its installations in a sustainable and cost-effective manner, preserving resources for the operational Army to maintain readiness and capability across the range of military operations. We will leverage institutional energy savings to generate more resources that we can use to train, move and sustain operational forces and enhance Army mobility and freedom of action. To take advantage of private sector efficiencies, Army installations are privatizing utilities and entering into public-private energy-saving performance contracts. By partnering with experienced local providers, the Army has privatized 144 utilities systems, avoiding about \$2 billion in future utility upgrade costs while saving approximately 6.6 trillion British thermal units a year. The Army is also exploring opportunities to expand public-public partnerships.

Operational energy improvements to contingency bases, surface and air platforms and Soldier systems will increase overall combat effectiveness. Improved efficiencies in energy, water and waste at contingency bases reduce the challenges, risks and costs associated with the sustainment of dispersed bases. Next generation vehicle propulsion, power generation and energy storage systems can increase the performance and capability of surface and air platforms and help the Army achieve its energy and mobility goals. Advances in lightweight flexible solar panels and rechargeable batteries enhance combat capabilities, lighten the Soldier's load and yield substantial cost benefits over time. Emergent operational energy capabilities will enable Army forces to meet future requirements and garner efficiencies in a fiscally constrained environment.

Business Transformation

The Army continues to transform its business operations to be smarter, faster and cheaper. We are working to reduce business portfolio costs by almost 10 percent annually as we capitalize on the progress made with our Enterprise Resource Planning systems. Our business process reengineering and continuous process improvement efforts continue to confer significant financial and operational benefits. Through our focus area review we will reduce headquarters overhead, consolidate and streamline contracting operations and improve space allocation on Army installations. We are reengineering core processes in acquisition, logistics, human resources, financial management, training and installations to improve effectiveness and reduce costs. Over the long-term, the Army will improve its strategic planning, performance assessment and financial auditability so that commanders can make better-informed decisions on the utilization of resources to improve readiness.

CLOSING

Throughout our history, we have drawn down our armed forces at the close of every war. However, we are currently reducing Army end strength from our wartime high before the longest war in our Nation's history has ended, and in an uncertain international security environment. Our challenge is to reshape into a smaller, yet capable, force in the midst of sustained operational demand for Army forces and reduced budgets. The resulting decline in readiness has placed at risk our ability to fully meet combatant commander requirements. Our ability to provide trained and ready Army forces will improve as we begin to balance readiness, end strength and modernization. However, if sequestration-level spending caps resume in fiscal year 2016, we will be forced to reduce end strength to levels that will not enable the Army to meet our Nation's strategic requirements.

We have learned from previous drawdowns that the cost of an unprepared force will always fall on the shoulders of those who are asked to deploy and respond to the next crisis. The Nation faces uncertainty and, in the face of such uncertainty, needs a strong Army that is trained, equipped and ready. No one can predict where the next contingency will arise that calls for the use of Army forces. Despite our best efforts, there remains a high likelihood that the United States will once again find itself at war sometime during the next two decades. It is our job to be prepared for it.

Senator DURBIN. Thanks, Mr. Secretary.
General Odierno.

STATEMENT OF GENERAL RAYMOND T. ODIERNO, ARMY CHIEF OF STAFF

General ODIERNO. Chairman Durbin, Senator Shelby, Senator Collins, thank you for being here today.

I'm truly humbled to lead the extraordinary men and women of our Army who volunteered to raise their right hand and serve our country. As a division, corps and theater commander for nearly 5 years in combat, I've personally led and seen the tremendous sacrifice the soldiers of the Active Army, the Army National Guard and the U.S. Army Reserve have made for our Nation.

As the Chief of Staff, my focus is on ensuring all soldiers from all components are properly trained, equipped, and ready. Despite declining resources, the demands for the Army forces continue. Today, as I sit here, we have nearly 70,000 soldiers deployed today. Our contingency operations and another 85,000 soldiers are forward stationed in nearly 150 countries including nearly 20,000 on the Korean peninsula. Our soldiers, civilians, and family members continue to serve with the competence, commitment, and character that our great Nation deserves.

Your Army continues to respond whenever needed. Just this week, we deployed soldiers to Poland, Estonia, Latvia, and Lithuania to conduct joint training and to reassure our Eastern European allies against Russian aggression. We have soldiers training and supporting the Afghan security forces, standing guard at the DMZ (demilitarized zone), conducting operations in Kosovo, Jordan, and Kuwait. We continue to have more than 2,000 soldiers on the African continent building partner capacity to include those providing security for the U.S. Embassy in South Sudan.

As we continue the future roles and missions and funding for our Army, it is imperative we consider the world as it exists, not as one we wish it to be. It demands that we make prudent decisions about the future capability and capacity that we need within our Army. Therefore, we must ensure that our Army has the ability to rapidly respond to conduct the entire range of military operations from humanitarian assistance, partnered activities, stability operations to general war.

We appreciate the short-term predictability in fiscal year 2014 and 2015 afforded by the budget levels in the Bipartisan Budget Agreement. The Bipartisan Budget Agreement supports the fiscal year 2015 Army funding level to \$120 billion, but it's still \$12.7 billion short of our request. This has allowed us to buy back some short-term readiness by funding additional training and sustainment to include multi-echelon, multicomponent training events at our combat training centers (CTCs) which starts us on a path of increased readiness.

However, the continued accumulation of budget reductions requires us to make difficult choices. Last year, I testified that we can implement the defense guidance at moderate risk with an end strength of 490,000 in the Active Army, 350,000 in the Army National Guard, and 202,000 in the U.S. Army Reserve. And I stand by that assessment. However, sequestration is the law of the land and its full brunt will return in fiscal year 2016 without congressional action. Under sequestration for the next 3 to 4 years, we will

continue to reduce end strength as quickly as possible while still meeting our operational commitments.

As we continue to draw down and restructure into a smaller force, the Army will continue to have degraded readiness and extensive modernization shortfalls. At the end of fiscal year 2019, we will begin to establish the appropriate balance between end strength, readiness, and modernization, but for an Army that is much smaller than it is today.

From fiscal year 2020 to fiscal year 2023 we will begin to achieve our readiness goals and reinvest in our modernization programs. We will have no choice but to slash end strength levels if sequestration continues in order to attain the proper balance between end strength, readiness, and modernization. We will be required to further reduce the Active component to 420,000; the Army National Guard to 315,000; and the U.S. Army Reserve to 185,000. At these end strength funding levels, we will not be able to execute the current defense strategy.

In my opinion, this will call into question our ability to execute even one prolonged, multiphased, major contingency operation. I also have deep concerns that our Army at these end strength levels will not have sufficient capacity to meet ongoing operational commitments while simultaneously training to sustain appropriate readiness levels.

The President's budget submission supports end strength levels at 440,000 to 450,000 in the Active Army, 335,000 in the Army National Guard, and 190,000 in the U.S. Army Reserve. I believe this should be the absolute floor for Army end strength numbers. To execute the defense strategy, it's important to note that as we continue to lose end strength, our flexibility deteriorates as does our ability to react to strategic surprise.

My experience tells me that our assumptions about the duration and size of future conflicts, allied contributions, and the need to conduct post-conflicts stability operations are optimistic. If these assumptions are proven wrong, our risk will grow significantly.

In order to meet ongoing and future budget reductions, we have developed a Total Force Policy in close collaboration with Army and DOD leaders. The Secretary of Defense directed the Army to not size for large, prolonged, stability operations. Furthermore, we were not to retain force-structure at the expense of readiness and to develop balanced budgets that permitted the restoration of desired levels of readiness and modernization by the end of the sequestration period.

The Secretary of the Army and I provided additional guidance to fulfill the needs of our combatant commanders first and then to disproportionately reduce our Active Forces while implementing modest reductions in our Guard and Reserve. The Army and the Office of the Secretary of Defense conducted a transparent, open, and highly collaborative budget formulation, force-structure and aviation restructure decision process that included representation from all components and analysis from experts at every level. The result is a balanced approach that gives us the best Army possible even if sequestration continues in fiscal year 2016.

The plan calls for end strength reductions of a total of 213,000 soldiers with a disproportionate cut of 150,000 coming from the Ac-

tive Army; 43,000 from the Army National Guard; and 20,000 from the Army Reserve. These reductions to the Active Army represent 70 percent of the total end strength reductions compared with 20 percent from the National Guard and 10 percent from the U.S. Army Reserve. This will cause us to reduce up to 46 percent of the brigade combat teams in the Active Army and up to 22 percent of the brigade combat teams from the National Guard. This will result in an Army going from a 51 percent Active and 49 percent Reserve component to a 54 percent Reserve component and 46 percent Active Army.

The Army will be the only service in which the Reserve component outnumbers the Active component. And we believe that, under these fiscal constraints, this is appropriate.

The aviation restructure initiative allows us to eliminate obsolete airframes, sustain a modernized fleet, reduce sustainment costs, and officially organize ourselves to meet our operational commitments and imperatives. But even in aviation restructure, disproportionate reductions come from the Active component. We will inactivate and eliminate three complete combat aviation brigades in the active component and we will remove all LUH-72s from the Active component in order to train our pilots of all components at Fort Rucker.

In the National Guard, we'll maintain all 10 current aviation brigades. We will move Apaches to the Active component while increasing the fleet of UH-60s by sending 111 of the most modern Blackhawk helicopters to the National Guard. The National Guard will also retain all of its LUH-72s and CH-47s.

In the end, the Active component will be reduced by 687 aircraft, which is 86 percent of the total reduction. The National Guard will be reduced by 111 aircraft which is 14 percent of the total reduction. The Aviation Restructure Initiative will result in better and more capable formations which are able to respond to contingencies at home and abroad. Let me be very clear: These are not cuts we want to take; these are cuts we must take based on sequestration. I believe our recommendation delivers the best total Army for the budget we have been allocated.

The Secretary and I understand that the American people hold us to a higher standard of character and behavior. Combating sexual assault and harassment remains our top priority. Over the past year, the Army has established more stringent screening criteria and background checks for those serving in positions of trust. Army containers—excuse me, Army Commanders continue to prosecute the most serious sexual assault offenses at a rate more than double that of civilian jurisdictions, including many cases that civilian authority has refused to pursue.

We appreciate the continued focus of Congress as we implement legislative reforms to enhance the rights of survivors and improve our military justice system. We continue to take this issue very seriously, and also know much work remains to be done in this area.

We're also aggressively and comprehensively tackling the issue of ethical leadership individually, organizationally and through systematic reviews. We initiated 360 degree assessments on all officers, especially commanders and general officers. We implemented a new officer evaluation report to strengthen accountability for our

general officers and all officers. We also conduct peer surveys and develop the specific ethics focus as part of our senior leader education programs throughout the entire process.

We must keep in mind that it is not a matter of “if” but “when” we will deploy our Army to defend this great Nation. We have done it in every decade since World War II. It is incumbent on all of us to ensure that our soldiers are highly trained, equipped, and organized. If we do not, they will bear the heavy burden of our miscalculations.

I am proud to wear this uniform and represent all the soldiers of the United States Army, Active, National Guard, and U.S. Army Reserve. Their sacrifice has been unprecedented over the last 13 years. We must provide them with the necessary resources for success in the future.

Thank you, Mr. Chairman, and thank you for the entire committee for the support that you have given us and for allowing us to have this discussion today.

Thank you very much.

Senator DURBIN. Thank you very much, General Odierno.

General Grass.

STATEMENT OF GENERAL FRANK J. GRASS, CHIEF, NATIONAL GUARD BUREAU

General GRASS. Chairman Durbin, Senator Shelby, Senator Collins, and Senator Murray, good morning.

It's an honor to be here today to represent the 460,000 Army and Air National Guardsmen across the States, territories in the District of Columbia.

As we move into an uncertain security and fiscal future, our Nation is fortunate to have today's operational National Guard. Your Guard is efficient, effective, and as fast to the fight as needs to be at home and abroad. The Department of Defense, though, and our Nation will face deep challenges in the decades ahead. We need to maintain the gains achieved by your National Guard over more than a decade of combat experience. Put simply, the effective and affordable Guard you have today arrives on the scene at the precise right time.

As Secretary Hagel and Chairman Dempsey have consistently observed, the fiscal challenges that lay ahead will dramatically constrain decisionmaking. This will affect the size, shape, and roles of our military including the National Guard.

In the near-term, the looming cuts to the fiscal year 2015 budget of almost \$1 billion on the Army National Guard will challenge the Army Guard in several areas, and General Lyons will address those in a moment. The risk we will assume will certainly increase when the Budget Control Act resumes in fiscal year 2016. The Governors and Adjutants General have relayed to me that the unique efficiencies of the National Guard should be part of the solution. I echo their sentiments. Fiscal challenges may drive us to a greater programmed reliance on Reserve components in the future.

I'd like to briefly share with you my observations on three key points worthy of your consideration. First, I agree completely with Secretary McHugh and General Odierno of the risk our Nation

faces in our Army. For the Guard to meet that means the Guard that is properly resourced and programmed for use.

The current generation of guardsmen expects to be deployed both at home and abroad. The Guard we have today is equipped, trained, and tested in the field of battle; 760,000 successful global deployments over the last 12 years testifies to this. In the homeland, when disaster strikes, our Governors know within certainty that the Guard is always there. We saw this again, this week, with the terrible storms across the Midwest and the South. The Nation cannot afford to squander the gains in readiness and leadership. Modest but necessary investments will keep your Army Guard operational and ready for any contingency.

Second, the Guard is fully capable where it has mattered the most: On the field of battle; that Army National Guard has accomplished every wartime mission assigned to them since 9/11.

When our enemies look at America's military, they see the best fighting force in history. They do not see different components. This is how we have built the Total Force for the past decade. Preserving the strengths of this Total Force is our goal. The National Guard's proficiency in executing complex missions allows us to handle the complex emergencies at home.

Third, the Army National Guard is an efficient hedge in an uncertain security environment. It enables easy expansion of a Total Force when required.

During peacetime, investing in a strong Guard frees up resource for modernization to readiness across the Total Force. Additionally, the stable unit structure of the Guard provides a unique tool to build enduring security partnerships across the globe. This matters a great deal in the world today as a threat to one can quickly become a threat to all. Today, we have enduring partnerships in 74 countries in our State partnership program.

From my visits with the soldiers across America and around the world, I can tell you that our successes are due to our most important resource; our people. The wellbeing of our soldiers, airmen, their families, and their employers remains a top priority of every leader in the National Guard. We are aggressively working to eliminate sexual assault, enhance mental health programs, and reduce suicides across the force. Congress's recent and continued assistance in resourcing the programs that address these critical issues is greatly appreciated.

PREPARED STATEMENT

Chairman, Senators, your National Guard is accessible by law, as ready as resourced and capable because they are experienced. In my professional opinion, the fiscal challenges facing us now and in the future will require us to plan, program, and use an operational National Guard. Today's National Guard is fully prepared for that mission.

I'm honored to be representing the men and women of the Army and Air National Guard and I thank this committee for the opportunity to testify today. I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF GENERAL FRANK J. GRASS

OPENING REMARKS

Chairman Durbin, Vice Chairman Cochran, distinguished members of the subcommittee: I am honored to appear before you today representing more than 460,000 Citizen-Soldiers and Airmen of the Army and Air National Guard. The National Guard serves with distinction as the Department of Defense's primary combat reserve to the Army and Air Force and as the Governor's military force of first choice in times of domestic crisis. Each day Citizen-Soldiers and Airmen serving throughout the Nation help to achieve our Nation's overseas and domestic security objectives by doing three things extraordinarily well: Fighting America's wars, protecting the homeland, and building global and domestic partnerships. These three overlapping operational missions align within Chairman Dempsey's strategic direction to deter threats, assure partners, and defeat adversaries while also providing localized, reliable, on-demand security and support to Americans within their own neighborhoods. The National Guard stands poised to build upon its 377-year legacy as an operational force deeply engrained within the foundation of American strength and values.

Today, thanks to the support of Congress and the American people, after 12 years of war the operational National Guard is the best manned, trained, equipped and led force in its history. We are able to do all of this because of our great Citizen Soldiers and Airmen. Today's Guard is accessible, ready, and capable; and I might add, it provides a significant value to the American taxpayer.

Accessible

There is no limit to accessibility due to a full suite of authorities available to access and employ the Guard. Since 9/11 our leaders have mobilized our National Guard members more than 760,000 times for overseas operations in a variety of wide ranging roles at the Brigade Combat Team level, to include full spectrum Counter Insurgency Operations (COIN), Security Force Operations (SECFOR), and training and mentoring the newly created Afghan National Army/Afghan National Security Forces (ANSF) to establish and maintain law and order throughout Afghanistan. We have filled every request for forces, meeting or exceeding Army readiness standards, while also meeting every request to support domestic response missions at home. At the same time the National Guard is present in approximately 3,000 communities and immediately accessible to their governors in the event of a domestic incident or natural disaster. The National Guard is scalable and able to provide forces for any contingency or emergency.

Ready

The National Guard is at its highest state of readiness as a result of readiness funding and equipment modernization provided by the Congress. I want to especially thank the Congress for funds provided in the National Guard and Reserve Equipment Account which have been critical to our equipment and modernization upgrades. Your support ensures that the men and women of the National Guard have the resources they need when called upon by the Nation.

The Army National Guard adheres to the same individual readiness requirements as the Active Army. It differs when it comes to collective training. This difference is by design. All Army units, regardless of component, follow the same training strategy. The Army strategy reflects the characteristics of the components and maintains some parts of the active Army at a higher state of readiness for nearly immediate employment. Leveraging the inexpensive cost of dwell, Army Guard units maintain sufficient collective proficiency to support leader development and are ready to quickly surge to a higher level of readiness. Our Brigade Combat Teams culminate their progressive force generation cycle at Combat Training Center rotations like their active duty counterparts. If mobilized, these units can achieve Brigade Combat Team level proficiency after 50–80 days of post-mobilization training. When deployed for operational missions Guard and Active Army units are indistinguishable. Army Guard Brigade Combat Teams will not replace early deploying Active Army Brigade Combat Teams in their overseas "fight tonight" missions. Army Guard Brigade Combat Teams are well suited for surge and post surge mission sets.

The National Guard is the "fight tonight" force in the homeland; ready to respond rapidly and decisively to the Governor's requirements. Just as the active Army and Air Force are forward-deployed around the world the National Guard is forward-deployed in communities across America. The Guard's ability to provide the Essential 10 capabilities that the Governors' rely on for domestic incidents and its forward presence in the homeland saves lives.

Capable

The capability of the Army National Guard is exactly as it should be today. Our units and Soldiers have accomplished every mission assigned to them, including the broadest range of mission sets possible: From Brigade Combat Teams conducting counterinsurgency operations and Combat Aviation Brigade deployments, as well as non-standard units such as Agribusiness Development Teams. In fact, since 2003, the Army National Guard has deployed 46 Brigade Combat Teams, with 49 percent of those deployments being Security Force Operations, 36 percent Counter Insurgency operations, and 15 percent training and mentoring the newly created Afghan National Army/Afghan National Security Forces. With our attack-reconnaissance aviation units, 12 battalions and 5 companies have also deployed since 2003 to Bosnia, Kosovo, Iraq, and Afghanistan. We have done all of these missions side-by-side with our Total Army partners.

The Army National Guard allows the Nation to rapidly expand the Army through mobilization with trained and ready units. The only way you can do this is if the Army Guard has sufficient capacity with the same training, organization and equipment maintained at appropriate readiness levels. Maintaining an Army Guard with similar force structure to the Active Component is important to growing future combat leaders and providing the necessary strategic depth we need in our land forces.

Domestically, we have proven time and again our ability to meet the needs of the governors and our citizens, regardless of the scope of the crisis. Whether responding to a natural disaster such as Hurricane Katrina or Sandy, Colorado flooding, California wildfires, or the Boston Marathon Bombing, the National Guard is everywhere when it is needed.

Value

As an adaptive force capable of rapidly generating as-needed forces, today's National Guard offers significant fiscal value to the Nation for tomorrow's turbulent security environment. The National Guard's lower personnel costs and unique capacity-sustaining strengths also provide efficiencies to free up critical resources for Total Force modernization, recapitalization, and readiness. At one-third of the cost of an active duty servicemember in peacetime the Guard provides a hedge against uncertainty while allowing us to address our fiscal situation. Furthermore, every dollar invested in the National Guard allows for a dual use capacity that provides the Governors and the President capabilities to meet the demands both within and beyond U.S. borders.

Fiscal Challenges

This Army National Guard force I have outlined will be at risk if the cap reductions required under the Budget Control Act are fully implemented. Although Congress provided relief to the Department of Defense with the Bipartisan Budget Act, the Army National Guard fiscal year 2015 budget will nonetheless be cut \$1 billion from fiscal year 2014 levels. This will require the Army Guard to accept risk in fiscal year 2015 in several areas: Our Brigade Combat Teams will be limited to achieving Individual, Crew and Squad-level proficiency in their training; personnel will have fewer opportunities to attend schools and special training; and our armories—which average 44 years in age—will lack funding for repairs beyond those that will ensure health and safety.

The Department of Defense faces tough decisions on how to balance readiness while preserving force capacity as a strategic hedge in an uncertain and complex world. Looking forward, if the cap reductions required under the BCA are fully implemented in 2016, we will have to make further difficult decisions. These decisions will continue to atrophy Army National Guard readiness as a result of our inability to sufficiently train our units and Soldiers, modernize our equipment and maintain our facilities. We also face the prospect of a reduction in Army National Guard End Strength to 315,000 by 2019. This significantly increases the risk to our ability to conduct Defense Support to Civil Authorities in the Homeland, and it places our ability to meet the Defense Strategic Guidance at risk. Moreover, it further degrades our capabilities in the National Guard's Essential 10—command and control, logistics, aviation, security, engineering, transportation, medical, CBRN, maintenance, and communications—all of which the Governors rely upon to direct their States during times of disaster. These fiscal challenges come at a time when we are faced with asymmetric and conventional threats from State and non-State actors; to include the physical environment. However, as we move forward in this difficult financial environment, today's unprecedented National Guard readiness posture offers options to preserve both capability and capacity rather than choose between them.

Accountability

Ensuring the National Guard is an effective and accountable steward of public resources begins with every Soldier and Airman. Innovations that improve efficiency must continue to be encouraged and implemented. Everyone in the National Guard—from general officers to privates and airmen—must strive to ensure that the American people feel confident that our actions, with regard to the use of resources, are above reproach. We must audit activities, both inside and outside of the National Guard Bureau, to bolster an environment of full accountability if we hope to continue to earn the respect of the American public and to recruit the best and brightest that America has to offer.

We are currently doubling our efforts to ensure that we remain good stewards of the taxpayer's money. Despite having an already lean headquarters we have followed the Secretary of Defense's directive to decrease our headquarters staff by 20 percent. We are completing a major overhaul of our contracting process through a number of steps, to include a revamped organizational structure to provide greater senior leadership oversight, improved formal training, an internal contract inspection program, and a rewritten National Guard Acquisition Manual. We will continue to actively advance our methods of increased accountability as we hold ourselves to the highest standards of fiscal integrity.

THE FUTURE

Looking to the future, there are three things the National Guard will continue to do extremely well for this Nation. First, we will execute the warfight as the proven combat reserve for both the Army and Air Force. Second, we will protect the homeland as the "fight tonight" force in our local communities. Finally, the structure of our force, the very nature of our force, is trained for the warfight and ready to respond in the homeland, allowing us to continue to build enduring partnerships both at home and abroad.

Fighting America's Wars

The Department of Defense continues to meet the challenges posed by the persistent, evolving, and emerging threats and to engage around the world. Crucial to meeting these challenges is sustaining the National Guard as an operational force. Some 115,000 Guardsmen have two or more deployments. Furthermore, as of today, there are over 11,700 National Guard personnel deployed overseas, to include Afghanistan, the Horn of Africa, and the Sinai. However, we expect these deployments to decrease over time as the conflict in Afghanistan draws down.

There is no question that National Guard Citizen-Soldiers and Airmen training, equipment, and capabilities closely mirror that of their active component counterparts. We are an adaptive force that is changing as the threats to the United States evolve. Modernization and equipping of Army Guard units gives the Nation a rapidly scalable land force to address threats to the United States and its allies. Sustaining the advantages of today's National Guard requires maintaining a high state of readiness through some level of operational use, relevant training, and continued investment in modernization and force structure.

A force of Citizen-Soldiers and Airmen that has met or exceeded established readiness and proficiency standards, the National Guard is a crucial operational asset for future contingencies. We will remain adaptable as we plan and prepare to operate effectively in the joint operational environment as part of the Army and Air Force and execute emerging missions.

Protecting the Homeland

The National Guard provides the Governors with an organized, trained, and disciplined military capability to rapidly expand the capacity of civil authorities responding under emergency conditions. Prepositioned for immediate response in nearly every community across the country the National Guard can quickly provide lifesaving capabilities to the States, territories, and the District of Columbia. Whether it is the 3,100 National Guard members supporting recent winter storms across 12 States, 7 Civil Support Teams supporting water decontamination in West Virginia, or the Dual Status Command concept in support of the Super Bowl, our Soldiers and Airmen are always ready. Should the "worst day in America" occur, our fellow citizens and State Commanders-in-Chief expect us to be there; ready to respond quickly and effectively.

The National Guard also assists U.S. Northern Command, the North American Aerospace Defense Command, and the military services in the daily execution of Federal missions such as disaster response and protecting the skies over America by standing alert with fighter and missile defense units to protect our Nation's airspace and by providing immediate response against weapons of mass destruction.

In fact, the National Guard comprises 63 percent of the Chemical, Biological, Radiological, Nuclear enterprise. The National Guard supports the Department of Homeland Security to assess the vulnerabilities of our Nation's critical infrastructure, assists in interdicting transnational criminals at our borders, conducts wildland firefighting, and augments security during special events. The National Guard community-based tradition spans 377 years of localized experience and national service in times of need and is America's clear first choice for military response in the homeland.

Building Global and Domestic Partnerships

Each day, the National Guard strengthens and sustains partnerships around the world and within our communities. The National Guard's innovative State Partnership Program pairs individual States with partner nations to establish long-term cooperative security relationships in support of the Geographic Combatant Commands. The State Partnership Program is a joint security cooperation enterprise highly regarded by U.S. ambassadors and Combatant Commanders around the world that has evolved over 20 years and currently consists of 68 partnerships involving 74 countries. As a result of these strong relationships, 15 partner nations have paired up with our States and deployed 79 times together to Iraq and Afghanistan. National Guard Airmen and Soldiers participated in 739 State Partnership Program events across all combatant commands in fiscal year 2013 alone.

The three fundamental characteristics of the State Partnership Program that help define its success are, first and foremost, the enduring relationships fostered; the ability to share the National Guard's highly relevant domestic operations expertise; and lastly, the National Guard's interagency and inter-governmental role in response to domestic crises and disasters. Additional benefits of the State Partnership Program include economic co-development, educational exchanges, agricultural growth to build food security, and support to other Federal agencies such as the State Department. National Guard civilian expertise in areas such as engineering, emergency management, infrastructure development and reconstruction are in significant demand within developing nations that are eager to partner with America, but require sustained trust-building engagements before relationships can realize their full potential. Some of today's State partnerships span more than 20 years. During that time, the individual careers of National Guard Soldiers and Airmen have matured alongside those of their counterparts in partner countries thereby creating enduring relationships. Overall, the complementary nature of the National Guard's three core competencies provides a powerful security cooperation enabler for Combatant Commanders to employ.

The National Guard's three core competencies are who we are and what we do. But there is more to it than that; our core competencies permeate throughout the more than 3,000 communities in which we reside. These core competencies drive us to serve our individual States and the Nation from within the same communities where we live and work. The local relationships we forge with our public and private partners, from first responders to school boards, provide daily benefits that strengthen and unite through community-based activities and programs. One such program is the National Guard Youth ChalleNGe—a successful community-based program that leads, trains, and mentors 16–18 year old high school dropouts. Over the past 21 years Youth ChalleNGe has graduated 122,000 youth who have given back to their communities in the form of 8.4 million hours of community service totaling \$163 million. More importantly, by graduating from this invaluable National Guard program, these young Americans significantly increased their chance for a successful future.

Our People

At the very heart of these core competencies is our most important resource—our people. The well being of our Soldiers, Airmen, their families and their employers remains a top priority for every leader throughout the National Guard. We will continue to aggressively work to eliminate sexual assault, reduce suicides across the force and maintain faith with our people—the very same people who have put their faith in us.

Prevent Sexual Assault and Harassment

Sexual assault is a crime, a persistent problem that violates everything we stand for. All of us have a moral obligation to protect our members from those who would attack their fellow servicemembers and betray the bonds of trust that are the bedrock of our culture. Eliminating sexual assault in the National Guard remains a moral imperative, with leaders setting and enforcing standards of discipline, creating a culture that instills confidence in the system, and a no tolerance culture for inappropriate relationships or sexist behavior.

To assist us in preventing sexual assault and harassment, in August 2012 the National Guard Bureau established the Office of Complex Investigations within the Bureau's Judge Advocate's Office to assist the Adjutants General in responding to reports of sexual assault arising in a non-Federal status. To date the Bureau has certified 92 specially trained investigators that are able to assist the States and to respond to their needs when an incident of sexual assault or harassment arises. The efforts of the Office of Complex Investigations to work in close collaboration with the State military leadership has been a tremendous success and invaluable enabler in assisting the 54 States, territories and the District of Columbia in addressing this most serious problem.

Suicide Prevention

One of the strengths of the National Guard is that we are representative of our great American society. Unfortunately, this also means that the suicide trends our society struggles with are also present in the National Guard. While suicides in the Air National Guard are decreasing, the Army National Guard rates remain high. Although there have been a below average number of Army National Guard suicides year to date in 2014, there were 119 suicides in 2013, the highest per year number over the past 6 years.

To better understand and address this serious issue we have taken a number of actions. We have reached out to the State Mental Health Directors and Commissioners for opportunities to partner with and establish relationships, which will allow us to ensure that appropriate State, local and community resources are available to our Citizen-Soldiers and Airmen. Furthermore, each State, territory and Air National Guard wing currently has a licensed behavioral health provider that provides clinical mental health assessments, education, information and referrals for our Soldiers and Airmen. These providers also act as subject matter expert advisors to our senior leaders. We are also working with the Air Force to learn from its superior suicide prevention program. Fortunately, Congress allocated \$10 million for additional Army National Guard behavioral health counselors in the fiscal year 2014 budget. The National Guard Bureau also has representation in suicide prevention at the DOD level where we participate on suicide prevention committees and councils, and to ensure we are getting the best information and the latest research. This is a complicated problem; however, I assure you that the National Guard will engage all support programs in order to work collaboratively to address this heart-breaking challenge.

National Guard Psychological Health Program

Our Psychological Health Program provides ready access to high quality mental health services to our Airmen, Soldiers and their families. We provide support to our member in several ways. Our State Directors of Psychological Health (DPH) are very effective at directly addressing help-seeking behaviors and reducing stigma by educating all levels of leadership about psychological health as part of force readiness. We work closely with the Department of Health and Human Services (HHS) to leverage services and support for our members by increasing access to behavioral healthcare and offering mental health vouchers through the Substance Abuse and Mental Health Services Administration Access to Recovery program. Through HHS, the Health Resources and Service Administration identifies specific federally funded health initiatives and programs to better support healthcare needs for the National Guard population, especially in remote, rural areas. Additionally, the Centers for Medicare and Medicaid, through our close working relationship with HHS, has trained all National Guard contracted counselors on the Affordable Care Act for Guardsmen who may be uninsured or underinsured. Finally, we have a total of 174 Army and Air National Guard mental health counselors throughout the 54 States, territories and the District of Columbia that are available to our Guardsmen who are in need of assistance.

National Guard Family Programs

As Overseas Contingency Operations wind down in 2014, funding is also expected to decrease for our family readiness programs that are tied to the challenges our Guardsmen face when dealing with a deployment. Our lessons learned during the last 12 years have shown that we cannot go back to pre-9/11 assumptions with little to no support infrastructure for geographically dispersed servicemembers and their families. Our family programs leverage a network of strategic partnerships that enhance well-being through increased access to outreach services. For instance, 454 Army National Guard Assistance Center specialists and 91 Air National Guard Airman and Family Readiness Program Managers are spread throughout the Nation and offer immediate outreach and referral for servicemembers and families. Moreover, each of the 101 National Guard State Child and Youth Program Coordinators

provide support to our servicemembers' children that in 2013 saw more than 50,000 National Guard children participate in events such as youth camps and councils. Maintaining access to current services and resources, particularly those that build strong family and spouse relationships, and strengthen financial wellness and employment will pay dividends in future years as it will directly contribute to the readiness of our force.

CLOSING REMARKS: ALWAYS READY, ALWAYS THERE

The National Guard is always there when the Nation calls. Whether serving in uniform or in their capacity as civilians, National Guardsmen are vested in a culture of readiness and volunteer service. Time and time again, I see examples of where innovative civilian skills complement military training in operations both overseas and at home. Likewise, the military expertise garnered from the past 12 years of consistent operational use has improved our ability to support the homeland. Whether responding to a manmade or natural disaster or planning for future emergencies with first responders, the unique combination of civilian and military experience pays tremendous dividends to the American taxpayer. At a fraction of the cost to maintain during peacetime, the National Guard is a great value as a hedge against unforeseen threats in a complex and ambiguous world. Today's National Guard is flexible and scalable to America's changing needs on any given day. The National Guard has been and will remain "Always Ready, Always There" for our Nation.

I want to thank you for your continued support of our Citizen-Soldiers and Airmen. I look forward to your questions.

Senator DURBIN. Thanks, General Grass.
General Talley.

**STATEMENT OF LIEUTENANT GENERAL JEFFREY W. TALLEY, CHIEF,
ARMY RESERVE**

General TALLEY. Chairman Durbin, Senator Shelby, Senator Collins, Senator Murray: Thank you very much for the opportunity to appear before you today. It's an honor to represent America's Army Reserve. It's a lifesaving and life-sustaining Federal force for the Nation. And I'd like to begin by thanking the committee for your steadfast support that you provided to all members of our Armed Forces and their families.

The Army Reserve is a community-based force of 205,000 soldiers, 12,900 civilians, living and operating in all 54 States and territories and in 30 countries. We provide about 20 percent of the total Army force structure for only about 5.8 percent of the budget. That's a great return on the investment especially given the positive economic impact we make everywhere we are. As the only component of the Army that is also a single command, we're embedded in every Army service component command and combatant command around the world.

When the Nation reaches out or our allies reach out and call for help, the Army Reserve soldiers answer the call with pride and professionalism. We respond at home, such as in October 2012 when Superstorm Sandy struck the Northeastern United States causing major flooding and widespread power outage. We respond abroad, providing relief when our friends are overcome by natural disaster, such as the 2013 typhoon in the Republic of the Philippines. We support ongoing contingent operations with almost 20,000 soldiers today serving around the globe with over 6,000 still fighting in Afghanistan.

We provide, also I think uniquely compared to all the other components and services, a direct linkage to industry private sector as most of the troops in the Army Reserve are traditional reservists who work in technical civilian careers in the private sector that di-

rectly correlate with what they do in the Army Reserve. In fact, most of the total Army's support and sustainment capabilities, such as attorneys or legal support, chaplain, civil affairs, military, history, logisticians, information operations, postal, personnel, medical doctors and nurses, chemical, transportation, public affairs, full spectrum engineering—hopefully you're getting the idea here—are in the Army Reserve; not in the regular Army or one of our great Army National Guards.

Because the majority of these soldiers are traditional Reserve soldiers, they keep their technical skills sharp at little or no cost to the Department of Defense. In fact, currently 74 percent of the doctorate degrees and half of all the masters' degrees, in the total Army, are held by Army Reserve soldiers.

Since September 11, 2011, more than 275,000 Army Reserve soldiers have been mobilized. Like all Reserve components, we have become de facto part of the operating force. And I'm sure we all agree that we must preserve that capability. Essential to that effort is the necessity to maintain our full-time support which currently is authorized at 13 percent. That's significantly lower than any other service or component. The Department of Defense average for full-time support is 19.4 percent.

The Army Reserve is the largest three-star command in the Department of Defense and the second largest command in the total Army, yet is manned at 13 percent full-time manning compared to the other Reserve components which averaged 19.4 percent. This is a challenge for the Army Reserve.

The funding reflected in our fiscal year 2015 budget, that request that is currently before you, helps us to maximize our end strength and maintain our ability to meet the steady demand signal that we see from our combatant commands. As the Department of Defense and Army leaders have testified in recent weeks, the Army Reserve end strength should not be permitted to drop below 195,000. However, return to the sequester level funding in fiscal year 2016 would force us to go below that number. This would seriously degrade our ability to meet the demands of the National Defense Strategy as already testified by Secretary McHugh and General Odierno.

I'd like to thank the committee for its support of the current budget request. But I also wish to highlight the areas which we were found to accept more risk and that is our Operations and Maintenance, Army Reserve account, which took nearly a \$500 million hit or reduction. This reduction forces us to forego all but the most necessary facilities maintenance and scale back training opportunities for our soldiers.

The Army reserve is posed to provide a soft landing for quality mid-level soldiers who depart our regular Army and Active component sooner than they had planned. However, if we're unable to continue to offer relevant and engaging training for this all volunteer force of our soldiers, we will experience difficulty in recruiting and retaining the best talent, especially those brave men and women from our Active component who have served so well in combat all these many years.

PREPARED STATEMENT

Finally, I want to emphasize that the Army Reserve is a full partner with the total Army as we develop the budget. Current times require us to make painful decisions, but the budget before you reflects the most thoughtful vision for the allocation of scarce resources and for the structure of our Army. I am deeply concerned about the impact of any actions that would shift the burden away from any one component, therefore, forcing deeper cuts in others.

As you're aware, I provided the committee a statement that outlines the challenges of the Army Reserve and some specific ways the committee and the Congress can assist in keeping us viable and strong to answer the call of duty. I ask for your continued support for all of our services and components as we keep America secure and prosperous. I look very much to your questions. Twice the citizen and, absolutely, Army strong.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL JEFFREY W. TALLEY

AMERICA'S ENDURING OPERATIONAL FORCE

The Army Reserve is America's dedicated operational Federal reserve of the Army—a premier provider of trained, equipped, ready and accessible Soldiers, leaders and units to the Total Army, the Joint Force and civilian authorities nationwide.

Since September 11, 2001, more than 275,000¹ Army Reserve Soldiers have been mobilized and seamlessly integrated into Active Component and the Joint Force missions. Today, approximately 19,000 still serve in direct support of Army Service Component Commands and Combatant Commands across the globe, including nearly 4,000² Soldiers in Afghanistan.

Yet, while we are no longer in Iraq and will soon be out of Afghanistan, we continue to face a dangerous world—one which Secretary Hagel recently described as “growing more volatile, more unpredictable and in some instances more threatening to the United States.” Continued regional instability, violent extremism, the proliferation of weapons of mass destruction, and any number of other factors, would seem to predict that the future global security environment is likely to be even more complex and potentially dangerous than it is today. And so we must be prepared to meet the threats and challenges of the future.

ARMY RESERVE CAPABILITIES VITAL TO AMERICA

Never before in the history of our Nation has the Army Reserve been more indispensable to the Army and the Joint Force, and the reason is the critical skills and capabilities they bring to the fight—skills often acquired through their civilian careers and honed in service to our Nation.

We not only provide the professional skills and capabilities vital to the success of the Total Army and the Joint Force—but we also provide capabilities not found anywhere else in the Active Army, the Army National Guard, or our sister Services. Most, if not all, of those capabilities are vital during major combat operations, but are also valuable during times of local and national emergencies affecting the homeland.

Those capabilities include theater-level transportation and sustainment, pipeline and distribution management, railway and water terminal operations as well as other high demand career fields such as doctors and nurses, lawyers, engineers, and cyber warriors. Put simply, the Army Reserve Citizen-Soldiers add the operational flexibility and strategic depth so essential to the Army's ability to Prevent, Shape and Win across the full range of military operations in which our Nation is, and will continue to be, engaged.

A significant portion of the Army's enablers—including 90 percent of civil affairs, 65 percent of logistical units; 60 percent of doctors, nurses and other healthcare pro-

¹ 275,542 since September 11, 2001, as per G-3/5. Source: HQDA system “MDIS” Mobilization deployment information System.

² From G-3/5: as of March 11, 2014, 18,990 AR Soldiers were on duty in support of ASCC/COCOMS, and 3,951 AR Soldiers were in Afghanistan.

professionals; 40 percent of transportation units; 35 percent of engineers; 24 percent of military police—are provided by the Army Reserve. We also provide 50 percent of the Army's combat support and 25 percent of its mobilization base expansion capability.

As a dedicated reserve force under Federal control, the Army Reserve is an indispensable Total Army partner that is ready and accessible 24/7. It provides direct and immediate access to high-quality, operational Soldiers, leaders and units for both planned and emerging missions. Our focus to support the Army's Regionally Aligned Forces ensures that Army Reserve Soldiers and leaders will be ready to support the Department of Defense's global requirements.

We are a single command and a component within the Army with an authorized end strength of 205,000 Soldiers and 12,600 civilians arrayed under a variety of theater commands. Inherently flexible, the Army Reserve can quickly task organize in to force packages ranging from individuals to large units. These packages can be tailored to support a full range of missions, including homeland response, theater security cooperation, and overseas contingency operations.

Indeed, steady demand for Army Reserve capabilities has introduced a new paradigm of reliance on the Army Reserve as an essential part of our national security architecture.

RESOURCING

The Army Reserve is concerned that declining Defense budgets will adversely affect our readiness and modernization for the next several years. We are a full partner with the Army in striving to achieve the proper balance between end-strength, readiness, modernization, and budgets. In the fiscal year 2015 budget request, the Army Reserve's end-strength was reduced from 205,000 to 202,000 Soldiers. As Secretary Hagel and General Odierno have testified, Army Reserve end-strength should be no lower than 195,000 Soldiers, which we will achieve by fiscal year 2017. However, the currently scheduled sequestration-level caps will drive the Army Reserve end-strength down to a critically low level of 185,000 Soldiers, by fiscal year 2019, which is unacceptable for the execution of the defense strategy.

Our near term resources no longer support unit level readiness and put in jeopardy our experienced and operational Army Reserve. Our Soldiers have served their Country proudly over the past decade and have gained invaluable experience that needs to be maintained through realistic and worthwhile training. Reductions in funding to our institutional training programs will adversely impact Duty Military Occupational Skill readiness, future Soldier promotion potential, as well as recruiting and retention.

Army Reserve installation services have also taken a significant cut. Funding reductions in our facilities sustainment programs will accelerate the decay of our training facilities and force projection platforms. Of particular concern, is the significant reduction in Base Support funding which will require us to reduce critical Base Operations Services in areas such as physical security, base information management, environmental compliance and municipal services.

As the active component draws down, we need a robust incentive/bonus structure to attract those quality Soldiers into the Army Reserve and retain them as Soldiers for Life. The investment to retain these Soldiers in the Army Reserve is more than offset by the costs of recruiting and training new Soldiers.

DEFENSE SUPPORT OF CIVIL AUTHORITIES

In 2012, Congress provided the Department of Defense with new Reserve Component access authority in 10 U.S. Code § 12304a. This law clears the way for the Army Reserve to assist our fellow Americans during domestic emergencies when Federal Assistance is requested by the Governors through the Federal Emergency Management Agency. The same life-saving and life-sustaining capabilities so essential to missions abroad make the Army Reserve an optimum force for preserving property, mitigating damage and saving lives here at home.

In fact, key capabilities in high demand during a major disaster, such as an earthquake or hurricane, are prominent in the Army Reserve and nearly all Defense Support of Civil Authorities (DSCA) response missions could benefit from the Army Reserve's unique capabilities and core competencies. In addition to those already mentioned, Army Reserve capabilities also include aviation lift, search and rescue or extraction; quartermaster units (food, shelter, potable water, heated tents, etc.); supply; civil affairs; public affairs; public and civilian works; protection of key infrastructure; as well as a significant portion of full spectrum engineer capability—with some capabilities predominately within the Army Reserve.

Our Expeditionary Sustainment Commands go into places devoid of infrastructure and quickly open seaports and airports, while our logistics and supply chain personnel are experts at moving supplies into affected areas.

Army Reserve aviation units possess robust capability. Medical evacuation helicopters and fixed wing aircraft can provide quick transportation in a disaster response area. Medium and heavy lift helicopters can rapidly move relief supplies, equipment and construction material into devastated areas.

Our Engineer units include search and rescue teams, debris removal capabilities, horizontal and vertical construction and bridge construction capabilities. We even have a prime power company, headquartered at Fort Belvoir, Virginia that provides commercial-level electrical power to affected areas.

We also provide 100 percent of the Army's Emergency Preparedness Liaison Officers (EPLOs) and 33 percent of the Department of Defense's EPLOs, who maintain communications between the Department of Defense, Federal, State and local governments, and nongovernmental organizations to coordinate assistance between all parties during emergency response events. They serve as subject matter experts on specific capabilities, limitations and legal authorities and keep track of Army Reserve capabilities in their states and regions.

Thus, the same trained and ready forces that provide indispensable and immediately accessible capabilities for operations abroad, today stand ready to support domestic emergency and disaster relief efforts at home.

A GOOD RETURN ON AMERICA'S INVESTMENT

The Army Reserve provides all of these capabilities, including nearly 20 percent of the Army's trained Soldiers and units, for just 6 percent of the total Army budget.³ We are the most efficient and cost-effective reserve component in the Army and operate with the lowest ratio of full-time support to end strength in the entire Department of Defense—about 13 percent. With our unique structure of combat support and combat service support enablers, the majority of our Soldiers are traditional Army Reserve Soldiers, with full-time jobs in the public and private sectors, who keep their technical skills sharp at little or no cost to the Department of Defense.

With steep force reductions anticipated across the services, it is imperative that our Nation remains committed to sustaining a strong and ready operational Army Reserve. For many missions supporting a Combatant Command's Theater Security Cooperation Strategy such as Building Partner Capacity, it makes sense to leverage the capabilities of the Army Reserve, especially since Congress increased direct access to our capabilities with 10 U.S. Code § 12304b. In this era of constrained fiscal resources, using the Army Reserve is a particularly cost-effective way to mitigate the risks while maintaining an operational reserve. The use of the Army Reserve in support of the Combatant Commands maintains the operational experience gained during the last decade. This use of our capabilities also supports the Total Force Policy for the Army by having all components working together for the Combatant Commands while leveraging the Operational Reserve.

In addition to the return on investment the Army Reserve provides to the Army and the Department of Defense, there is also a return in the form of a positive economic impact to States and communities across the United States.

Each year the Army Reserve invests billions in local communities in a number of ways. These investments include payroll to local Soldiers and Department of Defense employees, utilities and other services to municipalities, civilian contractors and administrative support; as well as professional, scientific and technical services in areas like environmental clean-up and protection. This investment in turn generates tens of thousands of new food industry, service-related, and other non-DOD jobs, creating new income for families and a positive economic climate for State and local communities.

A NEW GENERATION OF ARMY RESERVE LEADERS

For these reasons, the Army Reserve that some people still recall from the 1990s is long gone. As my predecessor testified 3 years ago to the Senate Appropriations subcommittee, "I have seen the Reserve of the future and it is now."

Our Citizen-Soldiers are highly educated and professionals in their civilian careers. They are our doctors, lawyers, academics, scientists, engineers and information technology specialists on the leading edge of their fields—a new generation of Soldiers who grew up with technology in their hands, practice it in their professions and leverage it while in uniform. Today, 75 percent of the doctorate degrees in the

³Does not include Army Procurement funding for Army Reserve equipment.

Total Army and half its master's degrees are found in the Army Reserve. This education and their skills are invaluable to the civilian career fields in which they work, but they are also invaluable to the Army.

Physically and mentally fit, and fundamentally resilient, Army Reserve Soldiers are America's steady state, operational reserve force. In times of crisis or national emergency, the Army Reserve can respond quickly to our Nation's call. A ready Army Reserve not only offers the Nation an insurance policy, but it can provide an opportunity for Soldiers leaving active service due to end-strength reductions a chance to continue serving. As we downsize the Active Component, transitioning Soldiers to the Army Reserve helps the Army keep faith with them and their families who demonstrate a propensity to serve their country. This preserves the taxpayer's investment in training these Soldiers, and can offer new military career tracks that may bridge the transition for Soldiers and their families.

Offering a continuum of service option supports, the Chief of Staff of the Army's recent guidance to leverage the unique attributes and responsibilities of each Component and preserves the operational experience gained from more than 12 years of war while continuing to prepare Soldiers and units for future challenges.

NATIONAL GUARD AND RESERVE EQUIPMENT APPROPRIATION AND MODERNIZATION CHALLENGES

The Army Reserve appreciates the steadfast support the Committee has provided for more than a decade and particularly the National Guard and Reserve Equipment Appropriation (NGREA) funding that has improved our equipment acquisition and modernization levels. The Army Reserve is at an all-time high for equipment modernization and equipment on hand, and was a full partner in developing and submitting the fiscal year 2015 President's budget for equipment procurement and modernization. However, we still suffer from significant equipment shortfalls and are the least equipped and modernized Army component.

In the 2014 National Guard & Reserve Equipment Report, dated March 2013, the Army Reserve's modernization rate was 66 percent. As of December 2013, the rate increased to 76 percent. While the Army Reserve's equipping posture has improved during the past 10 years, critical equipping and modernization shortages remain one of the Army Reserve's greatest challenges. Program procurement delays and the restructuring of requirements as a result of budget reductions, will further widen modernization gaps and impede our interoperability with the Joint Force.

Since 2011, the Army Reserve's base budget for equipment procurement had seen an overall decrease of 45 percent. The Army Reserve, in coordination with the Army, continues to develop mitigation strategies aimed at improving equipment modernization. Congressional support through NGREA is essential to successfully execute mitigation strategies and improving Army Reserve equipment modernization levels. Even in these times of constrained fiscal resources, we cannot afford to let this challenge go unaddressed as it directly impacts our ability to train and sustain an operational force that is properly equipped to meet National Security responsibilities while enhancing Federal response to Homeland Defense and DSCA.

High Mobility Multipurpose Wheeled Vehicle Challenges

A challenge for the Army Reserve is modernization of the legacy Light Tactical Vehicle fleet. The Army Reserve is scheduled to replace one-third of the High Mobility Multipurpose Wheeled Vehicle (HMMWV) fleet with Joint Light Tactical Vehicle beginning in 2022. As a result, we must maintain two-thirds of the legacy fleet for 31 additional years, through 2045, without any scheduled modernization, leaving the Army Reserve, and especially our medical units, with an unfunded modernization requirement.

Today, 48 percent of the Total Army's ground ambulance companies reside in the Army Reserve. The Army Reserve has on hand only 64 percent of its required Light Ground Ambulances. This more than 20-year-old legacy Ambulance fleet was not included in previous modernization efforts and is short 36 percent of the HMMWV Ambulances required to support contingency operations and potential mass casualty events in the homeland.

Clearance and Bridging Capabilities

Similarly, 35 percent of the Army's total engineering capacity—which includes 80 percent of its Area Clearance capabilities and 36 percent of its Multi-Role Bridging capabilities—are provided by the Army Reserve. In just 6 years, by 2020, only 20 percent of the Common Bridge Transport System, and none of the Joint Assault Bridge system will be modernized.

Logistical Capabilities

Lastly, the Army Reserve provides 65 percent of the Army's total logistics capabilities, of which the majority is Critical Dual Use equipment for enabling support to Homeland Defense and DSCA. Significant shortfalls in this area include water and fuel storage and distributions systems and material handling equipment. Only 43 percent of the Fuel Distribution System, and 20 percent of the Army's Light Capability Rough Terrain Forklift for moving material, will be modernized by the end of 2020.

While the Army Reserve's equipping posture has improved during the past 10 years, critical equipping and modernization shortages remain one of the Army Reserve's greatest challenges. Even in these times of constrained fiscal resources, we cannot afford to let this challenge go unaddressed as it directly impacts our ability to train and sustain an operational force that is properly equipped to meet National Security responsibilities while enhancing Federal response to Homeland Defense and DSCA.

Full Time Support

Ensuring our operational Army Reserve will continue to meet global mission requirements with trained and ready forces requires resourcing adequate full time support. Our full time Active Guard and Reserve (AGR) Soldiers and Civilians ensure the precious time of our traditional Reservists is focused on training and readiness rather than the abundant administrative and preparatory tasks. At the Budget Control Act and even the Bipartisan Budget Act level of funding, the Army Reserve was forced to reduce Full Time Support. Military technicians (MILTECHs) will be reduced by 500 in fiscal year 2015, with an additional 500 programmed in fiscal year 2016 for a total of a 1000 MILTECH reduction across the Army Reserve.

Army Reserve full time support is currently authorized at 13 percent of end-strength, while the Department of Defense average for all Reserve Components is 19.4 percent. Increasing Army Reserve full time support will improve Army Reserve unit readiness by moving non-readiness producing administrative tasks from the part time Soldier to the full time support staff. In addition, we urge congressional support of two important legislative proposals submitted to the committees on modifying the military technician program. These legislative proposals allow for greater flexibility and upward mobility for our members both as Soldiers and Department of the Army Civilians.

AMERICA'S ARMY RESERVE: A LIFE-SAVING, LIFE-SUSTAINING FORCE FOR THE NATION

Whether it is providing trained and ready forces for combat missions and contingency operations abroad, or saving lives and protecting property at home, today's Army Reserve is America's life-saving, life-sustaining force for the Nation.

Thank you for the opportunity to appear before you and for the steadfast support Congress has always provided to the men and women who have served our country so selflessly over the past 106 years, and continue to do so every day.

Senator DURBIN. Thank you, General Talley.
General Lyons.

STATEMENT OF MAJOR GENERAL JUDD H. LYONS, ACTING DIRECTOR, ARMY NATIONAL GUARD

General LYONS. Good morning, Chairman Durbin, Senator Shelby, Senator Collins, Senator Murray. I'm honored to appear before you today, representing more than 355,000 soldiers in the Army National Guard.

At home, our Guard's men and women continue to answer the call. Today, they are assisting in the aftermath of deadly tornados in Arkansas, Mississippi, Alabama and Tennessee; as well as flooding in Florida and North Carolina. Army National Guard soldiers are always ready to respond to natural disasters anywhere in the country.

Thanks to the firm and committed support of Congress and the Army over the past 13 years, the Army Guard has transformed from a strategic Reserve into an operational force. Since September 11, 2001, we've mobilized soldiers, more than 525,000 times.

As part of our total Army, Guard units have performed every assigned mission from counterinsurgency operations in Iraq and Afghanistan to maintaining the peace in Kosovo and the Sinai. Your Army Guard is actively adapting to a new global environment as part of the total Army. As the Army transforms its training from counterinsurgency focus to decisive action, Vermont's 86th Infantry Brigade Combat Team will be the first Army Guard BCT in a decade to conduct a decisive action rotation at the joint readiness training center in Fort Polk, Louisiana this summer.

The fiscal year 2015 budget submission required hard choices and has significant impact in our National Guard personnel and operations and maintenance funding. The based budget request for these two accounts is nearly \$1 billion below what was appropriated in fiscal year 2014. This will require the Army Guard to accept risk in fiscal year 2015.

Our brigade combat teams lack NGPA (National Guard Personnel, Army) and OMNG (Operations and Maintenance, National Guard) for CTC rotations and will be limited to achieving individual, crew and squad level proficiency in their training. Personnel will have fewer opportunities to attend schools and special training and our deppe level overhaul of our trucks will be deferred. Our armories, which average 44 years of age, will lack funding for repairs beyond those that will ensure health and safety.

Yet, these reductions pale in comparison to what will be required under Budget Control Act levels. Under BCA, Army National Guard end strength is reduced to 315,000. Our reduction of 35,000 Guard soldiers means the elimination of many critical command and control headquarters, the loss of experienced leaders and fewer opportunities for Active-Duty soldiers to transition into the Guard. We will be in fewer communities and face closing armories.

Ultimately, this combination of these impacts equals increased response time for domestic emergencies and fewer forces available for Title 10 missions in case of a national emergency.

Because people are our number one resource, we are committed to eliminating sexual assault and to enhancing our behavioral health programs. We're working diligently to deal with these challenges and to provide resiliency building tools to our soldiers and their families. These are top priorities for all Army Guard leaders.

PREPARED STATEMENT

With committed Citizen Soldiers in our formations, the Army Guard presents tremendous value to the Nation and to the communities where we live, work, and serve. The last decade-plus of war has demonstrated our strength as a combat-ready, operational force or role that, with your support, we will probably continue to perform for the Army and for our Nation.

I appreciate the opportunity to be here today and I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF MAJOR GENERAL JUDD H. LYONS

OPENING REMARKS

Chairman Durbin, Vice Chairman Cochran, members of the subcommittee: I am honored to appear before you today, representing more than 354,000 Soldiers in the

Army National Guard. For 377 years our Citizen Soldiers have been central to how the Nation defends itself at home and abroad. Through resolve and readiness, Army National Guard Soldiers deliver essential value to our Nation and our communities.

The men and women of the Army National Guard continue that history and contribute immeasurably to America's security. They have been an integral part of the Army, supporting the National Military Strategy and Army commitments worldwide. In more than a decade of fighting two wars, the Army National Guard has successfully expanded the capacity and capabilities of our Army, conducting every mission assigned.

Since September 11, 2001, Guard Soldiers have completed more than 525,000 mobilizations in support of Federal missions. The Army National Guard mobilized more than 17,300 Soldiers for service around the world during fiscal year 2013, a number substantially lower than our peak years of 2003 and 2004, when we mobilized more than 80,000 per year. Currently, we have nearly 15,000 mobilized, of which 6,500 are deployed to multiple locations in the U.S. and around the world defending our national interests.

There is a direct and powerful connection that begins with the Army National Guard's organization, equipment and training for overseas missions and leads to our unequalled capacity to complete domestic missions. On the home front, the Army National Guard continues to fulfill its centuries-old obligations to the communities in which we live and work. Guard Soldiers live in each congressional district, playing a vital role as the military's first domestic responders and linking national efforts to local communities. In fiscal year 2013 Army Guard Soldiers served nearly 388,000 duty days under the command of the Nation's governors assisting our fellow citizens during domestic emergencies. Yet, despite a large call up for Hurricane Sandy, fiscal year 2013 was historically a slow year. The current fiscal year has already seen State activations for ice storms in the south, unusually high levels of snow throughout the country, floods in several States, and a major water contamination disaster in West Virginia. Whether at home or abroad, the National Guard lives up to its motto—Always Ready, Always There.

The Army National Guard of 2014 remains at peak efficiency in manpower, training, equipping, leadership and experience. We haven't arrived at this level by accident. This is a direct result of the resourcing and legal authorities that Congress has dedicated to this purpose over the past decade-plus of conflict, and a tremendous effort by the Total Army to reach this level of operational capability. I can assure you that this effort has not only been worthwhile, but that the results have brought an excellent return on the taxpayers' investment. The National Guard delivers proven, affordable security and we do it on an as-needed basis.

The Army National Guard, the active Army and the Army Reserve, ensure the Total Force remains capable of providing trained and ready forces for prompt and sustained combat, in support of the Nation's security strategy.

The transition from a strategic reserve to an operational force means the Army Guard is resourced, trained, ready, and used on a continual basis. When properly resourced we can conduct the full spectrum of military operations in all environments as a part of the Total Force.

The fiscal constraints imposed by sequester level reductions under the Budget Control Act, though temporarily eased by the Bipartisan Budget Agreement, will lead to inevitable reductions in funding in years ahead. The Army Guard will share in these cuts; however, it is in these challenging times that the inherent value of the ARNG to the American taxpayer comes most clearly into focus. As numerous studies both internal and external to the Department of Defense have demonstrated, a reserve component service member costs a third of his or her active component counterpart when considering the fully burdened cost over the lifetime of the individual. Because Congress has already invested in the training and equipping of the Army National Guard over the past 13 years of war, it now takes only a continued modest investment to maintain an operational force when compared to the strategic reserve the Nation had prior to 9/11. But that investment is more than made up for in the responsiveness, flexibility and readiness resident in a reserve component where 84 percent of the personnel serve in a part-time status.

ACCOUNTABILITY

We must protect the Nation's investment by insuring that the ARNG is an effective and accountable steward of public resources. We continue to encourage and implement innovations to improve efficiency to sustain hard-won readiness gained over the last decade. Despite having a lean headquarters we have followed the Secretary of Army directive to decrease our headquarters staff by 20 percent by fiscal year 2019. We will continue to actively advance our methods of increased accountability

as we hold ourselves to the highest standards of ethics and integrity. We must ensure that the American people feel confident that our actions are above reproach.

STATUS OF THE FORCE

Guard Soldiers continue to demonstrate a strong willingness to serve this great Nation and their communities. This appetite for service continues to draw America's youth to the Guard's ranks. To meet our obligation to the great men and women who step forward to serve, everyone—general officer to private—must adhere to and embody the ethical standards articulated in our core values. By remaining focused on ethical standards and our core values we will continue to attract and retain Citizen Soldiers.

The Army Guard achieved 98.5 percent of its recruitment goal of 45,400 new Soldiers. Overall, our retention rate during fiscal year 2013 was 86.3 percent, as 51,145 Guard Soldiers extended their enlistments; of note, this was a 3.8 percent increase over the previous 5 years.

For active component Soldiers who choose to leave active duty, the National Guard continues to offer an excellent opportunity to remain in service to our country and for the country to retain the investment in developing the skills of these veterans. More than 4,600 Soldiers joined the Guard last year directly from the active Army, which surpassed the Guard's goal (105.9 percent). As future end strength cuts loom, the Guard stands ready to retain combat-proven Soldiers in the Army. But this talent cannot be retained if there is no place to put it. By maintaining sufficient force structure in the Guard, the Army can provide service opportunities for combat-proven Soldiers, as well as saving some of the costs incurred in training new recruits.

Those Soldiers who join the Guard from the active component are signing up with a well-trained, seasoned cohort. Nearly 50 percent of our Soldiers today are veterans of a deployment with the Army National Guard, many having served multiple tours. Retaining a corps of experienced troops not only sustains the Guard's readiness, but becomes an overwhelming benefit to the Total Army. A total of 303,282 Soldiers, or 85 percent of our force, have joined the Army National Guard since 9/11, knowing they were likely to deploy overseas. This is a special class of people that we want to hold on to, and improving on the retention rate last year was important for us. The likelihood of deploying on operational missions overseas is not nearly as great as it was 6 years ago, and money for training and equipment will not be as readily available. So keeping these Soldiers interested and engaged—and thus willing to stay in our ranks—is becoming a significant challenge not just for our retention personnel, but for leaders at every level.

Certainly, bonuses and incentives play an important role in keeping Soldiers in uniform, but we know that the desire for relevant training and utilization at home and abroad play a significant role in their decisions to stay. A key component of the operational reserve is that it is a force that sees regular use, through a progressive readiness model—such as Army Force Generation—that prepares Soldiers and units for deployment. Regular employment ensures unit readiness remains high. It provides Soldiers, their families and civilian employers the predictability they need to plan their civilian lives and careers. Also, it develops critical leadership skills, while exercising our systems to ensure we can rapidly deploy when needed.

ACCESSIBILITY

In the 2012 National Defense Authorization Act, Congress addressed concerns about accessing the reserve components for domestic or overseas missions in situations short of war or a national emergency. The authority granted in Title 10, section 12304(b) removed a significant impediment to maintaining an operational reserve that can be flexibly employed by combatant commanders as required. Title 10, section 12304(a) likewise removed an impediment to employing all Federal reserve capabilities for domestic emergencies at the request of the governors. There remain no significant statutory barriers to accessing the Army National Guard for either domestic or overseas missions, though consistent budgeting for use of these authorities remains an issue to address. The Army National Guard is accessible and ready to meet the needs of the Nation.

AN OPERATIONAL FORCE THAT FIGHTS AMERICA'S WARS

The Army National Guard has demonstrated this capability in full during the wars in Iraq and Afghanistan. Citizen Soldiers have been mobilized in units ranging in size from two-to-three man teams, to Brigade Combat Teams, to Division headquarters exercising command and control over multiple Brigade Combat Teams and supporting forces. Guard BCTs performed every mission in Iraq and Afghanistan

their active component counterparts performed except the initial invasion. Guard BCTs successfully performed a wide variety of missions including security force, counter-insurgency operations, and advising and assisting host nation military and police forces in both countries.

In fiscal year 2013, more than 17,300 Army National Guard Soldiers were mobilized in support of a multitude of ongoing missions around the world. Approximately 10,300 served in Afghanistan, while others served in the Horn of Africa, Kosovo, the Sinai, Honduras, the Philippines, and mobilized for operational missions within the United States.

While this contribution is noteworthy, there is significantly more capacity within the Army National Guard should the Nation require a surge of forces. For example, at one point during 2005 more than 100,000 Guardsmen were mobilized and 8 of 15 Brigade Combat Teams in Iraq were Army National Guard. Later that same year, with 80,000 Soldiers still mobilized, the Army Guard surged more than 50,000 Soldiers in the span of a week to deploy to the gulf coast in the wake of Hurricane Katrina. In summary: In the year in which the Army National Guard underwent its largest mobilization since the Korean War, it also experienced the largest domestic response in its history. This capacity and capability continues to reside in your Army National Guard.

Response time is a critical consideration when determining the right mix of forces to meet planned or unanticipated contingencies. The past 13 years of war have demonstrated that even the largest Guard formations can be trained to the Army standard, validated and deployed well within the timelines required by combatant commanders. The experience of deploying repeatedly over the past decade has honed this training regimen and reduced post-mobilization training time considerably since 2003. As the Office of the Secretary of Defense validated in its December 2013 report to Congress, "Unit Cost and Readiness for the Active and Reserve Components of the Armed Forces," even the most complex Guard formations, the Brigade Combat Teams, take only 50–80 days after mobilization to be ready for deployment when they are mobilized at company-level proficiency, or 110 days when mobilized at platoon-level proficiency. The ability of the Army National Guard to respond to worldwide contingencies provides tremendous flexibility to the Nation as we seek to achieve defense goals with a constrained budget.

In fiscal year 2015, the ARNG is programmed to return to its pre-9/11 strength of 350,200, a reduction of 4,000 in end strength from fiscal year 2014 and 8,000 from our wartime high of 358,200 between 2008–2013. If Budget Control Act level cuts are re-imposed in 2016, the Army will face even tougher choices and challenges in managing risk and balancing readiness, modernization and end strength. Under these conditions, the Secretary of Defense has announced that ARNG end strength will have to be further reduced to 315,000 by fiscal year 2019. This will mark a significant reduction in the strategic hedge against uncertainty that the Army Guard affords the Nation for unforeseen contingencies. It will also undoubtedly impact domestic response times. While the Guard will always respond to a domestic emergency, response times may suffer as readiness centers are shuttered, equipment maintenance is deferred, and training is reduced.

AN OPERATIONAL FORCE THAT PROTECTS THE HOMELAND

In fiscal year 2013, Citizen Soldiers responded to hurricanes, winter storms, floods, tornadoes, search and rescue missions, and the bombing of an iconic sporting event in one of our Nation's oldest cities. There were 52 major disaster declarations in 24 States and territories in 2013, but the biggest response of the year came in its first month. Super Storm Sandy devastated communities along the east coast in late October, and Guard members from 21 States responded, with many remaining on duty for several weeks. At the height of the response, more than 11,900 Guardsmen were activated. These were joined by active component Soldiers, Sailors, Airmen, Marines, as well as Army Reservists, all of whom fell under dual status commanders in New York and New Jersey. Both dual-status commanders were National Guard brigadier generals, successfully integrating DOD capabilities under State and Federal control to more effectively serve our citizens in their time of need.

Warmer weather did not mean the National Guard would have the rest of 2013 off. On the afternoon of May 20, an EF5 tornado packing winds above 200 mph tore into the Oklahoma City area. The suburb of Moore was severely impacted. Dozens of people were killed, entire neighborhoods were flattened, and homes and businesses were destroyed. Elementary school children were trapped in what remained of their schools, and Army National Guard members assisted in rescuing survivors. In total, more than 530 Army National Guard members supported the relief effort, performing search and rescue and security support missions.

The ARNG's largest rescue operation last year was in response to the floods that wiped out numerous roads and bridges, devastating communities in Colorado in September 2013. Thousands of citizens were stranded in the mountains of the Front Range. Eight people were killed, 218 were injured, and thousands of commercial and residential buildings damaged or destroyed. More than 750 National Guard members with a total of 21 helicopters and 200 military vehicles were joined by active component Soldiers and aircraft from Fort Carson. More than 3,233 Civilians and 1,347 pets were rescued and evacuated. In the aftermath, Army National Guard engineers from Colorado and several neighboring States quickly restored miles of highway that were washed out in the floods before winter snows would have made reconstruction impossible.

One event that has long been an annual requirement for the Massachusetts National Guard was anything but routine last year: The 117-year old Boston Marathon. Massachusetts Guardsmen have long supported State and Federal law enforcement at the event, providing traffic control, area security, and a standby Civil Support Team. Their familiarity with the marathon was extremely helpful, and indeed lifesaving, last year. Approximately 250 Guard members were on State Active Duty supporting the Boston Marathon on April 15 when two improvised explosive devices detonated near the finish line. This attack killed three spectators and injured hundreds more. National Guardsmen on site immediately provided lifesaving aid and conducted security cordons and traffic control operations to assist emergency responders with their coordinated response. The 1st Civil Support Team of the Massachusetts National Guard quickly determined that no chemical agents had been used in the bombing. By the next morning, approximately 1,000 National Guard members were called to State Active Duty to assist civil authorities. In addition to Massachusetts, the States of Rhode Island, New Hampshire and New York provided Citizen Soldiers for this response. In the days to come, armed National Guard military police used armored Humvees to facilitate the tactical movement of law enforcement personnel.

The Army National Guard's support to the U.S. Border Patrol along the Southwest border continued into 2014, although at a reduced rate than in years past. Approximately 220 Guard members from 34 States or territories served on this ongoing mission along the 1,933-mile border of California, Arizona, New Mexico, and Texas. The current mission focuses on criminal analysis and aerial detection and monitoring. Still, during the 2013 calendar year, ARNG aviation personnel flew more than 10,635 flight hours in support of this mission, assisting in the seizure of 40,264 pounds of marijuana and 139 pounds of cocaine.

Army National Guard aviation was particularly active in the domestic arena, flying more than 19,100 hours supporting civil authorities in natural disasters, conducting medical evacuations, and conducting preplanned activities such as counter drug missions. Army Guard aircraft hauled nearly 422,000 pounds of cargo, transported more than 18,000 passengers and worked with multiple law enforcement agencies on a regular basis, assisting in the seizure of an estimated \$5.03 billion in drugs during the course of the year. Most importantly, Army Guard aircraft rescued 1,604 citizens in Search and Rescue and medical evacuation missions.

AN OPERATIONAL FORCE THAT BUILDS PARTNERSHIP

One of the National Guard's greatest strengths is building partnerships. In 2013, the Army National Guard provided 12,265 Soldiers to support 72 military exercises in 76 countries. The Guard's experience with the warfight, domestic disaster response, our Soldiers' wide variety of civilian professional and educational experiences, and close community connections to many civilian institutions such as hospitals and universities, ideally position the National Guard for building partnerships that are multi-dimensional.

Today, the National Guard Bureau's State Partnership Program (SPP) consists of 68 partnerships with a total of 74 partner countries. SPP promotes security cooperation activities for military-to-military training, disaster response, border and port security, medical, and peacekeeping operations. Calendar year 2013 marked the 20th anniversary of this innovative program, which continues to produce immense benefits for both the United States and partner nations at minimal cost. In support of the Chief of Mission and the U.S. Department of State, and at the request of the regional combatant commanders, SPP is conducted jointly by Army and Air Guard forces in the States, territories and the District of Columbia under the leadership of the respective adjutants general. As such, SPP is the perfect complement to the Army's Regional Alignment of Forces concept and Chief of Staff of the Army's effort to shape the security landscape, but with unique advantages. Because of the relative stability of a Guard Soldier's career, which in most cases remains within a single

State, that Soldier has the opportunity to forge enduring relationships with his or her counterparts in one or two foreign nations over long periods of time. In some cases, the crucial bonds have been cultivated and maintained for more than two decades.

These bonds have borne fruit on the battlefield. Since 2003, 16 partner nations deployed units to Iraq and Afghanistan more than 87 times alongside Guard men and women from their partner states. Additional benefits of the State Partnership program include economic co-development, educational exchanges, agricultural growth to build food security, and support to other Federal agencies.

RESOURCING THE OPERATIONAL FORCE

The fiscal year 2015 budget submission represents a significant reduction in appropriations for the Army National Guard in both Operations and Maintenance (OMNG) and Personnel (NGPA) accounts compared to fiscal year 2014. OMNG funding for fiscal year 2015 reflects a 12-percent reduction from fiscal year 2014. This will only allow the ARNG to provide minimal training for units, with no additional funding to allow for combat training center rotations in fiscal year 2015. In addition to the decrease in OPTEMPO funding, the ARNG assumes risk in such areas as Base Operations Support, modernization to infrastructure, and depot maintenance of equipment and vehicles.

NGPA funding for fiscal year 2015 is 1.2 percent below fiscal year 2014 levels. While this fully funds statutory requirements of inactive duty training, annual training, and initial entry training, the ARNG has assumed risk with significant reductions in funding for training and schools as compared to last year.

These reductions will begin to degrade the readiness that the Guard has built up over the past 13 years, limiting how rapidly ARNG units may be operationally employed. The reductions for fiscal year 2015 will pale in comparison, however, to the reductions that are forecast to take place beginning in fiscal year 2016 when the Army returns to the sequestration levels of funding imposed by the Budget Control Act.

Quite simply, the Army National Guard can be as ready as it is resourced to be. The Guard will achieve desired levels of responsiveness if properly resourced—and it will do so by maximizing taxpayers' investment in programs directly contributing to Army National Guard readiness.

MAINTAINING THE OPERATIONAL FORCE: SUPPORT TO SOLDIERS AND FAMILIES

People are the Guard's most precious resource, and the ARNG sponsors a wide variety of programs intended to enhance coping skills in Soldiers and their families—skills with an application to everyday life as well as the military.

SEXUAL HARASSMENT/ASSAULT RESPONSE AND PREVENTION

The Army National Guard SHARP program reinforces the Total Army's commitment to eliminating incidents of sexual harassment and assault utilizing education, disciplinary action, and victim-centered response services. In fiscal year 2012, the ARNG assigned a full-time program manager to each State and territory and the District of Columbia; during this past fiscal year the ARNG assigned 93 full-time victim advocates within each State and territory and the District of Columbia. In addition to full-time support personnel, the ARNG has trained more than 2,400 collateral duty Sexual Assault Response Coordinators and Victim Advocates at the brigade and battalion level. The Army National Guard's minimum goal was to train 1,864 SHARP personnel to DOD Sexual Assault Advocate Certification Program standard. With 2,309 certified, we are at 127 percent of that goal.

SUICIDE PREVENTION

Calendar year 2013 saw a record 119 suicides of Guard Soldiers. Combating suicides has been a persistent challenge for the Army Guard, since leaders typically only see the majority of their Soldiers during a single drill weekend each month. This limits a leader's ability to intervene in a crisis. That's why the Army Guard is focusing on training and programs to increase resilience, reduce risk, and increase leadership awareness. In September 2013, the ARNG awarded a national contract to provide a Suicide Prevention Program Manager (SPPM) in every State. The SPPM manages State suicide prevention efforts, training, and suicide surveillance. The ARNG trained 120 trainers in the Applied Suicide Intervention Skills Training (ASIST) program in fiscal year 2013, bringing the total to 517. These personnel trained 4,042 gatekeepers in advanced suicide intervention skills. Gatekeepers are trained to recognize someone in crisis, intervene to keep them safe, and provide re-

referrals to assistance. The goal in fiscal year 2014 is to train an additional 120 ASIST trainers who will, in turn, train approximately 11,000 gatekeepers. The Army National Guard is also participating in Army studies of suicide trends in an attempt to determine if prevention resources can be better focused to particular units, States, or at-risk Soldiers. Even one suicide is one too many; however, the trend is improving. Thus far in 2014, the number of completed suicides is below the pace of 2013—a trend we are working hard to sustain.

In fiscal year 2013, ARNG behavioral health counselors provided informal behavioral health consultations to more than 30,000 Soldiers and family members; 2,939 of these consultations identified emergent situations leading to critical psychological care. The ARNG reported 876 command interventions in suicide attempts (including expressed desire to commit suicide) in the 2013 calendar year. The ARNG reports 172 ideations as of mid-March 2014. We will continue to work collaboratively to address this heart breaking challenge.

DIRECTORS OF PSYCHOLOGICAL HEALTH

Prior to last year, one Director of Psychological Health (DPH) was provided for each of the 50 States, three territories and the District of Columbia. The National Defense Authorization Act for 2014 authorized funding for an additional 24 DPHs, increasing the ARNG's total from 54 to 78. In accordance with NDAA 2014, the 24 new DPHs were assigned to high-risk States. The ARNG has seen a significant increase in usage rates addressing emergent and high-risk cases. Command consultation, follow-up and multidisciplinary team consultations went from 13,525 to 26,766, and behavioral health case management went up from 3,556 to 10,264. We are grateful that Congress allocated \$10 million for additional Guard behavioral health counselors in the fiscal year 2014 budget.

GUARD RESILIENCE TRAINING

Resiliency training offers strength-based, positive psychology tools to aid Soldiers, leaders, and Families in their ability to grow and thrive in the face of challenges and to recover from adversity in our communities. Soldiers complete the Global Assessment Tool annually to measure and track a Soldier's resilience over time. Master Resilience Trainers (MRTs) provide training to units and Families, serving as the commander's principal advisors on resilience. In fiscal year 2013, the ARNG obligated \$10.4 million for the resilience program, which trained more than 1,550 MRTs and 4,600 Resilience Trainer Assistants.

In late 2011, the Army National Guard teamed with the Office of the Secretary of Defense for Reserve Affairs and the Air National Guard to launch a highly successful phone and Internet-based help line, Vets4Warriors. This help-line, which is operated by Rutgers University Behavioral Health Care, provides peer-to-peer support from a staff of more than 30 veterans representing all branches of service and family members. They can provide referrals as appropriate, resilience case management and outreach services to help overcome an individual's or a family's daily challenges. Vets4Warriors initially served only reserve component members, but in November 2013 it was made available to all active duty military service members and their families, wherever they are located. Since its inception, the Vets4Warriors support line received more than 41,000 calls and conducted nearly 1,900 live online chats.

Family Readiness Groups are essential to creating a bond within units that facilitates assistance and reduces unnecessary stress. Family Readiness Support Assistants provide a great return on investment by helping our commanders create and sustain those groups, and by providing volunteer and resilience training at the unit level. Family Assistance Centers serve family members of all military components and are located in 396 communities around the Nation. We are now facing reductions in the Family Assistance Center, Family Readiness Support Assistance and Child & Youth Program personnel currently provided to the States and territories. Family Readiness Support Assistants provide logistics to 312 brigade and troop commands in support of the Unit Readiness Program, and are the ARNG's key training asset for volunteers, family readiness and resilience initiatives. Funding is projected to be cut from \$15.5 million in fiscal year 2014 to \$10.9 million in fiscal year 2015. This, in combination with cuts to Family Assistance Center funding, will potentially result in a reduction of FRSA's from 312 to approximately 165.

STRONG BONDS

Strong Bonds is a unit-based, chaplain-led program that assists commanders in building Soldier and family member readiness and resilience through relationship education and skills training. The Army National Guard provides the 50 States,

three territories and the District of Columbia with information, guidance and training related to this program. In fiscal year 2013 the ARNG held 544 Strong Bonds events serving 22,284 Soldiers and family members throughout the Army Guard. With a budget of just over \$6 million, the ARNG's cost per person is \$269. A variety of Strong Bonds programs are available focusing on building strong relationships for married couples, single Soldiers, and families taught by certified chaplains.

SUBSTANCE ABUSE PROGRAM

The ARNG's Substance Abuse Program (SAP) provides a continuum of substance abuse services, including prevention, assessment, and brief intervention services. In September 2013, the ARNG awarded a national contract to provide Alcohol and Drug Control Officers and Prevention Coordinators in every State and territory and the District of Columbia. The SAP has also partnered with the Substance Abuse and Mental Health Services Administration to pilot the Substance Abuse Services Initiative, which will provide Soldiers with a voucher for substance abuse assessments. In fiscal year 2013, more than 135,000 Soldiers completed the Unit Risk Inventory (URI), which is an anonymous survey measuring many of the stressors that contribute to substance abuse, suicide, and sexual assault. Utilizing the URI results, units receive prevention training, resources, and interventions tailored to their unit.

EMPLOYMENT ASSISTANCE

The Army National Guard has been, and remains, deeply concerned with the civilian employment status of its Soldiers. The ability of Guard Soldiers to gain and maintain civilian employment is essential to retaining these Soldiers in the ARNG. While unemployment remains most acute immediately following redeployment, employment challenges extend beyond those returning mobilized Soldiers. The Guard continues to work diligently to find solutions to assist its geographically dispersed population, working closely with the States to spread best practices from each State across the country.

The Veterans Opportunity to Work (VOW) Act of 2011 mandates the Transition Assistance Program (TAP) for all Soldiers separating from a Title 10 active duty tour of more than 180 days. The Army National Guard is working closely with the Department of the Army and OSD to implement the transition mandates set forth in the legislation. States report 34,162 demobilized ARNG Soldiers since November 2012 with 26,999 (79 percent) exempt from the Department of Labor Employment Workshop (DOLEW) due to full-time employment or student status. Of the remaining 6,998, some 5,477 (78 percent) completed the DOLEW at one of 268 workshops conducted. In fiscal year 2014 compliance has improved through February 2014 with 2,342 Soldiers requiring the DOLEW and 2,153 (92 percent) compliant. The ARNG will continue to promote and leverage an array of employment programs and resources to support VOW mandates and reduce Soldier unemployment.

MAINTAINING THE OPERATIONAL FORCE: MEDICAL READINESS

Medical Readiness is a foundational requirement to maintaining the Army National Guard as an operational force; fully medically ready Soldiers are the key to ready and relevant units. Medical Readiness is an area in which congressional resourcing and leadership focus have made dramatic improvements. The Army Guard improved from a fully medically ready percentage of 51 percent in July 2009, to 85 percent as of October 2013. That is the highest percentage of medical readiness we've ever recorded, and higher than either the active Army or the Army Reserve at that time.

However, this is an area in which readiness will rapidly slip if resources are reduced. For example, because a substantial number of Soldiers were not able to conduct Periodic Health Assessments that were scheduled for October 2013 due to the Government shutdown, medical readiness slipped 3 percent to 82 percent in a single month. It took us 4 months just to climb back to 83 percent. It doesn't take long for our medical readiness to slip dramatically in a short period of time, but, turning things around is a much slower, more deliberate process. This not only requires funding, but a tremendous amount of time—time that we can never get back. Sustaining medical readiness is far cheaper than rebuilding it; and most importantly, it allows the capability and capacity for medically ready Soldiers to respond when needed for domestic or overseas missions.

MAINTAINING THE OPERATIONAL FORCE: EQUIPPING THE FORCE

The Army National Guard has received significant investments in equipment, increasing Equipment on Hand (EOH), Critical Dual-Use equipment (CDU—equip-

ment that is of use for domestic response as well as for war fighting missions), and the overall modernization levels. Army National Guard EOH for Modified Table of Organization and Equipment units is currently at 91 percent, an increase from 88 percent last year and from 85 percent 2 years ago. Overall CDU EOH is 93 percent, an increase from 90 percent last year and a significant increase from 65 percent in 2005, when the Guard responded to Hurricane Katrina. Of the total quantity of equipment authorized, 85 percent is on-hand and considered modernized, up from 70 percent last year. This dramatic increase was partly due to new equipment purchases, but principally due to the Army re-defining in the past year what models of equipment it considers as modern. The steady improvement of equipment on hand, particularly CDU, can in part be traced to the continued appropriation of the National Guard and Reserve Equipment Account funds (NGREA), which has allowed the Army Guard a degree of flexibility in procurement, enabled it to meet training readiness goals, and improved modernization levels.

MAINTAINING THE OPERATIONAL FORCE: INSTALLATIONS

The Army National Guard has facilities in more than 2,600 communities, making it the most dispersed of any military component of any service. In many towns and cities these facilities are the only military presence, with the Guard serving as the most visible link between hometown America and the Nation's armed forces. These readiness centers, maintenance shops and training centers serve as platforms for mobilization during times of war as well as command centers and shelters during domestic emergencies. Providing quality facilities across 50 States, three Territories and the District of Columbia has been an on-going challenge. The Army National Guard transformed from a strategic reserve to an operational force over the past 13 years, but many of our facilities have not been updated in decades. The average age of Army Guard readiness centers is 44 years. More than 30 percent of them are 55 years old or older, the limit to what is considered "useful life" for that type of facility. Many fail to meet the needs of a 21st century operational force, cannot accommodate modern equipment and technology, are poorly situated, and are energy inefficient. Facilities are critical to readiness and support unit administration, training, equipment maintenance, and storage.

This wide array of uses makes Military Construction and Facilities Sustainment, Restoration and Modernization funding a critical matter directly impacting unit readiness and morale, continuity of operations and domestic preparedness.

CLOSING REMARKS

With our Nation operating during an era of budgetary pressure, the Army National Guard is structured to efficiently provide capacity and capabilities our Nation requires in a dangerous world. With committed Citizen Soldiers as our foundation, the Army National Guard represents tremendous value to the Nation at large and within American communities where we live, work and serve. A flexible force serving our citizens for 377 years, the Guard's history shows that it has always adapted to change in America and around the world and risen to the challenge. The last 13 years have demonstrated these traits in full. That is why the National Guard has been and will remain "Always Ready, Always There" for our Nation.

I want to thank you for your continued support for the Army National Guard and I look forward to your questions.

Senator DURBIN. Thank you very much, General.

Mr. Secretary, reflecting on where we are today as we contemplate our challenges at your table and here at ours, it's clear that there's a tension. A tension that has been created by competing interest, limited resources and, what I would say across the board, a genuine commitment to the defense of this Nation. I don't question the sincerity of that commitment. There are different points-of-view on how to achieve it and I think that's why there is this competition of ideas.

No one has experienced this more than Senator Murray, as Chairman of the Budget Committee, because she's been tasked with coming up with a budget with our colleagues in the House where we both served. And she has noted, I'm sure, as all of us have the tension between defense and non-defense and then within the defense community, the different and competing points-of-view.

So I'd like to ask you about two or three issues that are, really, front and center in terms of most of the inquiries I receive from my colleagues about this budget. And some of them have been alluded to; some of them have been addressed directly. But let's start with the obvious and controversial issue of Army Aviation.

Can you tell me how much of the total Army Aviation mission in Iraq and Afghanistan was completed by the National Guard?

Secretary MCHUGH. I can give you breakdown by platform. In other words, Apache versus Blackhawk by flying hours, but I don't have the compo breakdown. I can tell you, based on deployments, the average Active component, Apache Brigade Combat Team, deployed four times with a number deploying five and six times. That's because, as all of us I think can agree, these are, in time of conflict, very high-demand assets.

The Guard components deployed, understandably, somewhat fewer times. They did deploy. I've read stories that say Apache units in the Guard were not engaged, that's incorrect. But, on average, they deployed about twice with more than half of those units, I believe, deploying once. That's because these are Citizen Soldiers. They go home to jobs. They have different dwell times. But anyone who suggests that the Guard units were not on post and station, I think, is being less than genuine.

The hard choice we had to make is that Apache platforms in the Active component do not meet current needs. And so given that, that is a first out-the-door kind of capability; we made the hard choice. And the recommendation in this budget that we moved those units into the Active component, saving billions of dollars over the program, and at the same time recognizing the important role of Guard aviation providing, as both the Chief and I've noted, more than 100 Blackhawks which also fly in combat roles, and in fact, flew the majority of combat——

Senator DURBIN. If I can ask you, Mr. Secretary, you've stated the obvious. And that is you're faced with budgetary challenges. You're trying to meet those while maintaining our national defense in this and so many other areas. We have a report that the Army National Guard, AH-64, Apache fleet, on average can be maintained for 42 percent of the cost of its Active component counterparts.

So, if the issue here is savings, how can shifting these helicopters from Guard assignment to Active assignment save money if there's a 42-percent increase?

Secretary MCHUGH. Well, I think you have to look at how those figures were derived. The Guard, obviously, costs less when it's in non-Active status. Their training schedules are different. Their service weekends are different; whereas, the Active component is trained to be on the alert and ready to go. The Apache unit cost in the Active component is undoubtedly higher because it has to be out the door the first day.

And not only that, as we go forward, Apache training is one of the most complex missions that we have. In fact, we're integrating unmanned aerial systems into the Apache formations, which makes that training very, very complex and is difficult and highly expensive to maintain in the Guard component.

Senator DURBIN. May I ask you, before——

General ODIERNO. Senator, could I just—

Senator DURBIN. Of course. Go ahead, General.

General ODIERNO. Thank you.

It's not just Apaches. The reason this has to be done is because we're eliminating a whole fleet, OH-58s. So we're eliminating over 600 OH-58 aircrafts out of the Active component. So you get all that savings. So it's not just Apache versus Apache. It's the fact that we're taking out 600 OH-58s out of the Active component. And we're taking the Apaches to replace some of those OH-58s.

So it's not just the comparison of "it's 42-percent cheaper to have it in the Guard and the Active," it's the fact that we're saving \$12 billion by removing the OH-58s out of our inventory completely.

Senator DURBIN. But let me ask the next question to either or both. In a recent report, we've seen a steady increase in the cost of remanufactured Apache. In a recent report, the program's cost estimates have increased 11 percent. So if the Army projects to save \$12 billion with this restructure initiative, are these increased Apache costs included in that proposal? How is the Army confident that this proposal is going to be an actual savings in light of this increase?

General ODIERNO. We're absolutely confident in it's savings.

Again, it's about a \$12.7 billion savings. We've already programmed in these increases. Now, the reason the cost is increasing is because of reduced budgets. We've had to reduce the number that we were going to purchase and slow it down over the long-term because of our budget reductions. That's why it's costing more. So that's going to happen no matter what you do. But that cost will be an increase no matter what decision we make. That increase is going to continue because we've had to expand the programs over, now, instead of 6, 7 years, to 12, 13 years because of the sequestration budget reductions.

Senator DURBIN. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

First, let me say to each of you that I'm grateful for your service and I do understand how difficult the decisions that you're being called upon to make must be.

Major General Lyons, you did an excellent job of outlining the critical role that the Army National Guard plays not only when it's deployed as it has been many, many times in Iraq and Afghanistan but here at home whenever disaster strikes. It's the Guard as well as our first responders who are first to respond to the call for help.

I want to give a very specific example from my home State of Maine of what this budget would mean for the National Guard there because, as I understand it, these cuts would bring the Active-Duty force to pre-war levels but the Guard would be cut below pre-war levels even though the percentages of the cut may suggest the opposite conclusion.

Let me give you an example of what Maine's TAG (The Adjutant General) has told me that the cuts in the Guard would be in Maine. He estimates that the Maine Army National Guard would be under 2,000. That is the smallest that it has been since Maine achieved statehood in 1820. He would have to close remaining armories in Calais and Houlton, Maine, leaving only one small unit

in the State, north of Bangor, Maine. That's covering almost two-thirds of the State.

And I think that is why the TAGs and the Governors have been virtually unanimous in raising their very deep and genuine concerns about the Army's plan. And I would ask you to give your professional opinion. If we accept these cuts, what is the impact going to be on the Guard's ability to respond to a terrorist attack at home; a natural disaster such as we're seeing in the South and in so many parts of our country; as well as the Guard's ability to deploy to future conflicts?

Because, after all, this is a dangerous world and we just would never have predicted, prior to September 11, 2001, the strain that we would be putting on our Guard with repeated deployments and extended and shortened dwell times.

General LYONS. Yes, Senator.

In reference to the impact, at 315,000 soldiers underneath Budget Control Act, in the illustrative example you used in Maine, there is direct impact at those levels both in terms of not only the reduction in the number of soldiers that we have physically present, as you outlined, but a loss of leaders, experienced leaders, who have been honed over 12 years both in wartime experience and in responding domestically.

So we are a community-based organization as the committee knows; over 2,600 communities. So when we reduce down to 315,000 soldiers under BCA, that dispersed community footprint is going to shrink. And so, Adjutant Generals will be faced with tough decisions about closing facilities. We use those armories, as you know, as our projection platforms when we respond here at home. As you constrict that footprint, our response time, depending on where that disaster strikes, is increased. And so, that has direct impact on our ability to respond. So it's unacceptable impact in terms of risk, at 315,000 for the Army National Guard.

General ODIERNO. Senator, if I could just say, the Active component in 2001 was 485,500. We were going to 420,000. So there's a 64,000 reduction from pre-war levels in the Active component. I just want to make sure that's very clear.

So we have taken reductions from every component based on pre-war. The other thing I would point out, since 2001, we have increased full-time support to the National Guard by an additional 16,000 soldiers and that's staying. We have not taken that out of the budget. So although their end strength is coming down, the amount of full-time support continues to be much higher than it was pre-war. And that is what we've invested into the Guard, and that's remaining.

So I want to make it very clear. The percentage of the budget that we're allocating to the Guard in this proposal, that is at a much higher percentage than it has ever been in our total budget. We have not reduced that. We recognize the point you're making, that they are worth the cost. And that's why we've taken much smaller reductions in the Guard and will take the preponderance of the reductions in the Active crux. We recognize exactly what you're saying.

Senator COLLINS. Well, I've spent a great deal of time on the Homeland Security Committee; I've served on it for more than a

decade, I know how absolutely critical the Guard is to emergency preparedness and response. And I don't think we can forget that role as well; as well as the fact that it's less expensive to have the Guard ready to deploy.

But, General, I'm also concerned for the Active-Duty. I don't mean to imply otherwise because the 2014 QDR (Quadrennial Defense Review) states that the U.S. military will no longer be sized to conduct large-scale, prolonged, stability operations. You said the Army was directed to scale down and not to size for those kind of operations. And I couldn't help but when you were talking about the unpredictability of the threats, to think about Secretary Gate's comments back in 2011 when he says, "When it comes to predicting the nature and location of our next military engagement since Vietnam, our record has been perfect. We have never gotten it right."

And that's why I'm very concerned on the Active-Duty side as well. I know that I'm out of time. I will submit some additional questions for the record with the Chairman's permission.

But I would be remiss, and Mr. Secretary, you and I have discussed this many times, if I didn't once again express my concern about mental health services to Guard members; to return home to rural America where we have a real absence of mental health professionals who can help them, or soldiers who have retired from the service. We've got to reduce the stake level; we've got to make greater use of telemedicine; and we've got to have active drug take-back programs that I've been pushing the DEA (Drug Enforcement Administration) to allow our military hospitals in our VA (Department of Veterans Affairs) facilities because that's part of the suicide problem as well.

And I know you care deeply about that.

Secretary MCHUGH. I do, Senator. And we all deeply appreciate yours and the other senators—Senator Murray principally amongst them—the other committee members, who care about this as deeply as we do.

I deeply appreciate the effort on the medicine take-back. We think that makes common sense. We think all the services believe that we can conduct it safely without any of the concerns the DEA has, I think, understandably expressed. But without some change in what is currently allowed, we're not going to be able to go forward there.

Senator COLLINS. Well, I'm going to continue to push really hard on this. I've got a bill. I'm working with OMB (Office of Management and Budget), DEA, and it's just ridiculous that DEA is not more cooperative in this area.

Secretary MCHUGH. Thank you very much, Senator.

Senator COLLINS. Thank you.

Senator DURBIN. Senator Murray.

Senator MURRAY. Thank you very much, Mr. Chairman, for having this hearing. And thank you for all of our witnesses.

And I'd be remiss if I did not start out by thanking the National Guard on behalf of the communities in my State, in the aftermath of the Oso mudslide, the tremendous outpouring of support from the National Guard. We just can't thank you all enough. I was up there many times. I've never seen a disaster like this and the National Guard members, along with our first responders who were

digging in the worst of conditions, 75 feet of mud, looking for victims and their affects and day-after-day without complaining. And I just want to convey our thank you for all of those men and women who are out there and are still—some of them out there, working on that.

As Senator Durbin referred to the budget issues, we all know, we're all struggling through this, obviously grateful that we're not still dealing with sequester for the immediate, but it is hanging out there and we all have some tough decisions to make and appreciate all of your comments today as we try to work forward through that.

But I want to follow-up on what Senator Collins referred to at the end of her questioning because the 2012 DOD suicide report was recently issued and it shows that we are still very much struggling to combat suicide in the military. But a change in counting suicides in the Guard and Reserves shows the problem is actually significantly worse than was previously reported.

I'm going to be asking for a lot of answers from the offices responsible about those changes and why it took them so long to get this to us. But for now, the obvious problem in the Guard and Reserve is much worse than we were led to believe.

So for all of our witnesses—and Major General Lyons, if I can start with you—in light of this new information that we now have, what are you going to be doing to better address suicide especially in the Guard and Reserve?

General LYONS. Senator, with respect to the recently released report that you mentioned, you know, accurate figures are—I welcome that. It helps us see ourselves better; helps us apply our resources more effectively. And so, I view that as a positive step.

In terms of what we're doing, leaders at all levels in the Army National Guard from the Adjutant General in the State down to first-line squad leaders are very concerned about this. We're a geographically dispersed, primarily, part-time force. And so, at the leader level, the small unit leader level, that interaction of knowing your soldiers, knowing what's going on in their lives, understanding and recognizing changes in their behavior, and then having the knowledge to escort that person that's in crisis to a caregiver is something we spend quite a bit of time on.

We also dedicate resources to that in the terms of full-time Directors of Psychological Health (DPH). We have 78 DPHs across the 54 States, territories in the district. We continue to apply additional resources that Congress has given us in fiscal year 2014 to expand that footprint. Right now, it's about one Director of Psychological Health to 4,500 soldiers. We hope to close that gap down to about one to 2,300 and continue to embed those professionals.

We continue to stress resiliency training in our formations. In fact, we're starting to do that now, when soldiers first join the Guard and they enter what we call the Recruit Sustainment Program, before they even ship off to basic combat training, introducing resiliency in risk reduction training into that training before they even ship off.

We spend quite a bit of time with something called ASIST—it's Applied Suicide Intervention Skills and Training. We have 35,000 of our guardsmen trained in ASIST. And again, that's all about recognizing changes in behavior and recognizing when someone is in

crisis and knowing what to do and protecting that person and escorting them to care.

We continue to focus on the role of our chaplains who provide 24/7 crisis counseling to our servicemembers. And so, these are some areas that we continue to engage on. Our Adjutants General are partnering with local communities stressing the importance of engagement with the Veteran's Administration and, also, the role of TRICARE Reserve Select for our members as an access to care.

Senator MURRAY. General.

General GRASS. Senator, thank you.

One of the things we're doing at the National Guard Bureau, in addition to what the Army and Air Guard are doing, really, at the unit level is I've been working with Health and Human Services and the Public Health Service. I have a rear admiral from Public Health Service that serves as my liaison. And we've been meeting with members of the Surgeon General's office to take a look at how this problem is being dealt with for our Nation.

I'm very concerned especially with the issues we're dealing with today, but I'm also concerned about the future. I'm not sure we really grasp yet the impact of 12 years or more on any member of our society and, coming back home to small-town America, will we have the resources there? We're working closely with General Shinseki's staff, but Health and Human Services and the Public Health Service is going to do some study work for us to see, because we draw our men and women right out of our communities and when they return, what can we do to make local and State health resources available and the professionals.

Senator MURRAY. Which is where they are when they go home.

General GRASS. Yes, ma'am.

Senator MURRAY. Okay.

Anybody else want to comment quickly on this?

General ODIERNO. If I could, just a couple.

The Telehealth has increased significantly over the last couple years. We have thousands now available that helps National Guard and Reserve through Telehealth especially in behavioral health.

The other thing is I want to thank everyone for the TRICARE Reserve Select that has been put into place that is a low-cost capability for our Reserve, specifically for our Reserve and National Guard that helps them get care outside of the military treatment facilities. And now that that's available, we're starting to see the differences. So we appreciate the work Congress has done to put that into place and those are helping significantly.

Senator MURRAY. I appreciate that. And I will continue to follow-up with all of you.

And I wanted to ask one other quick question, General Odierno, while I'm here. I really appreciate the work the Army has done to implement, under your leadership, the Hire Heroes Act. Working at JBLM (Joint Base Lewis-McChord), I'm seeing some really great programs, significant numbers of soldiers accepting job offers prior to separation so we don't have that gap. We're in the midst of a pilot program out there.

But I wanted to ask you, I understand there's been a long delay in giving the unit commanders' access to the ACAP XXI System. That's what tracks the soldier's process through ACAP. So if the

unit commander doesn't have the information, they're not able to follow-up and make sure it's happening. When is that capability going to be available?

General ODIERNO. We think we've got it about there. So we think within the next month or so that that capability is going to be able to provide the information for the commanders. It's critical—

Senator MURRAY. Yes.

General ODIERNO [continuing]. As we go through this. You are exactly right. And so, we've been working very hard to get this in place.

Senator MURRAY. Okay.

I would like to follow-up with you on that as well because we've got to get that information to the commanders.

General ODIERNO. Sure.

Senator MURRAY. Thank you, Mr. Chairman.

Senator DURBIN. Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

General Odierno, you outlined all of this real well. And I appreciate that and I appreciate your service.

I want to direct a couple of questions to you, if I can. I realize, as you do, that the big problem is lack of funding. That's cuts to everything. If we're going to have a first-class Army, Navy, Marine, Air Force, we've got to pay for it. If we're going to have the Guard, we've got to pay for it. If we're going to have a Reserve, which we have to have, for the security. And I think the American people have got to realize that. Do they want to be the top military force in the world? I hope so. And it's manifested right here, starting in this committee here.

General, could you just for a minute discuss the importance of continuing to fund missile defense in spite of our cuts? And how important is the funding of missile defense looking at what's happening in Eastern Europe, what's happening in Korea right now, to us and to our allies?

General ODIERNO. Well, Senator, obviously our missile defense program and our ability to protect ourselves is becoming more and more important as the Army continues to have over 50 percent of its Ballistic Missile Defense capability deployed around the world; and the Middle East and the Pacific, trying to prevent and ensure that we protect our allies and ourselves from ballistic missile attack. And we see individuals in North Korea continue to demonstrate a capability of the ballistic missile capability that should be concerning to all of us. So we have to continue to build our capabilities to ensure we can defend ourselves at both here and our entities abroad as well.

Senator SHELBY. End strength reduction, which you talked about, I think it's very important because we get down to the bare bones of the Army, the Guard, the Reserve, the whole thing. Could you describe again, for the record, how this drawdown could impact or will impact the Army's ability to maintain a globally responsive land force?

General ODIERNO. Senator, as I've said before, is if we have to go to sequestration levels, the Active component at 420, the Guard at 315, the Reserves at 185, it really puts into question our ability to even, in my opinion, to do one prolonged multiphased campaign.

It also impacts our ability to respond to multiple campaigns in multiple continents which is becoming more and more viable. And so, for me, it's concerning. And so, the risk is significant today.

Our assumptions are that it won't be prolonged. Our assumptions are we'll have appropriate allied support. Our assumptions are they won't last very long. If any of those assumptions are wrong, then our risk goes much higher than it is today.

And so, I think we're on a dangerous path if we have to go to full sequestration and our ability to, what I consider to do, is to protect our national security interests.

Senator SHELBY. We're headed down the road to decimating our armed forces; aren't we?

General ODIERNO. I think it's going to be difficult. And I think it puts us in a 4- or 5-year period of great vulnerability as we draw down our end strength because our readiness and modernization is not being properly invested in.

Senator SHELBY. Secretary McHugh, I have a couple of questions if I could direct them to you.

Could you elaborate on the Army's requirement to procure a fourth brigade combat set of DVH (double-V-hull) Strykers? And then, also, what is the modification timeline for this project?

Secretary MCHUGH. Well, did you say, "For the record," Senator? Or would you like—

Senator SHELBY. You can do it now if you want to.

Secretary MCHUGH. I know it's—

Senator SHELBY. I'd appreciate it.

Secretary MCHUGH. No, I'm happy to do it, Senator.

Well, we always try to take lessons learned. And one of the lessons we learned, particularly in Afghanistan, is that this platform was highly effective in keeping our soldiers safe while giving us appropriate mobility across the battlefield.

As you know, we had some discussion as to how do we go forward in capturing that improvement, buying new or recapping, retrofitting flat-bottom, single hull Strykers into the double-V. After assessing the variances in cost, we determined that to retrofit and refit the existing fleet with a V-hull, double-V-hull, saved us about \$1 million a platform. So we have been adding those, first, the third brigade and now a fourth brigade.

If funding continues as we hope, I believe we're talking about a procurement end of about 19 but that may have to change based on the uncertainty of funding as you know. But right now, that's a modernization priority for us.

Senator SHELBY. My next question would deal with the Distributed Common Ground System, you called the DCGS-A.

In March of this year, a GAO (Government Accountability Office) report noted continuing performance challenges for the Distributed Common Ground System, DCGS-A; the Army's program of record for intelligence data analysis, sharing, and collaboration, which I think is very important. The Army's budget decreases DCGS-A funding by almost 27 percent.

Is DSG—DCGS, let me say it right, still a priority for the Army? And if so, how do you intend to continue its development in view of everything we've got going on and why is it important?

Secretary MCHUGH. Well, as you noted, the ability to gather the most successful amount and most accurate amount of intelligence, particularly in a theater of combat, is absolutely essential. And the Chief has spoken on multiple occasions about the kinds of capability and the expanse of intelligence information through the number and added sources that are available today, to today's commander compared to what he had available when he was commanding in theater.

I think it's important to note, DCGS-A is not a thing onto itself. It is a system of systems. It is software; it is hardware. And as the GAO noted, it's a program in progress. We think, at this point, the observations that GAO made and based on other tests that we have done in the field and feedback we've received, we've corrected, or certainly modified and nullified, most of the concerns raised in that particular report. It is our intent, in the next increment of DCGS-A, which we hope to be underway by 2015, that we will go to full and open competition.

Senator SHELBY. General, do you want to comment on that and what this program will, after you work out a full challenges, what will it do?

General ODIERNO. Yes, Senator, the report that you gave us, that you mentioned, is an old report.

Senator SHELBY. Okay.

General ODIERNO. It's about a 2-year-old report. We have corrected, already, many of the deficiencies that were contained in that report. It's a multi-int, multi-echelon, intelligence capability. It's a system that we have that takes national intelligence, tactical intelligence, common SIGINT, any int we have; it puts it into one processing where you can put data together and then provide information to our war fighters at all levels. It's the only system that enables us to do that.

And so, for us it's absolutely important. We now have our allies looking at it. The SOF (special operations forces) community is now adopting it; the Marines. So we are very confident with this. We obviously still have, you know, we are going to continue to work through some of the problems—

Senator SHELBY. Sure.

General ODIERNO [continuing]. But we think it's absolutely the right system.

Senator SHELBY. What will it do for you that you don't have today?

General ODIERNO. Well, see what we don't have, what we haven't had today, is the ability to get all the—you have to—

Senator SHELBY. Put it all together?

General ODIERNO. It puts it all together. It synchronizes everything together.

You have it coming in different places. Now, this gets it in one place. It also processes the data and it also gives you answers based on all the—it gives you information based on all of the int that it gets one place. So it's a significant improvement in what we had.

Senator SHELBY. And it's got a lot of promise.

General ODIERNO. It's got a lot of promise.

Yes, sir.

Senator SHELBY. Thank you, Mr. Chairman.

Senator DURBIN. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

It's good to see all of you here. I think back, with pleasure, the days when Secretary McHugh was Congressman McHugh. We often flew home together to our area.

General Odierno, I still remember very well that conversation late one night walking around.

And, General Grass, I might address this at the risk of being a tiny bit parochial. As you know, and General Lyons mentioned, the 86th Infantry Brigade Combat Team based in Vermont is the only National Guard unit attending a CTC to train at the brigade combat team level over this year. They've been preparing for that for 4½ years. They're ready to go. I think the Nation is lucky to have the Green Mountain Boys ready to answer.

I'll just ask you: How does the National Guard Bureau use funds to help the 86th or other units, not just in Vermont, become ready in anticipation for operational use?

General GRASS. Senator, I actually look very much forward to being with the 86th this summer in June. I'm going to go down and visit them. And this is the first time, in many years, that we've actually been able to return to Fort Polk.

Senator LEAHY. And I'm going to try to be there with you when you do. Go ahead.

General GRASS. Yes, sir.

You know, we have a program that we work with U.S. Forces Command and with First Army. And once a unit is assigned, there's a lot of additional resources that go to that unit, additional training periods, so that when you ramp up to be ready to deploy and go to the Joint Readiness Training Center at the brigade level of operations, those extra resources are given to the State. I know that General Lyons can go into great detail what tasks they accomplish. The hard part for us right now, though, is looking to the future with the cuts that we have and especially under the BCA.

We will not be able to have those resources in the earlier, the 3 to 4 years prior, much less the years to execute those missions both at the National Training Center and the JRTC.

Senator LEAHY. Well, we should have a further conversation about this you and General Lyons, as we work on the appropriations bill.

And, General Odierno, as you know, Senator Lindsey Graham, and I are considering a commission to look at the Army's future. And I happen to know you stated opposition to a commission as it was described in a House proposal. Now, do you object to any independent look at the future of the Army or only one that costs \$1 billion annually in delays made of the agreed upon changes to go forward?

General ODIERNO. Part of the problem, Senator—the reason that we object to it is if it delays decisions 2 years, it imposes, as you've mentioned, a \$2 billion bill. Actually, it's greater than that because if it goes into the second year, it's about a \$6 or \$7 billion bill that we simply can't pay for if we don't make the decisions now. So that makes it more difficult.

We would never reject an independent look but because of sequestration and the near-term nature of it, I'm just not sure that we can wait that long. And so, the length of it is of great concern to us.

We also believe that we've been open and allowed many to have provide input to our process as we've gone through this. We've been working on this for a very long time so we feel comfortable that we've gotten a lot of input. But again, it's more about the budget, it's about the immediacy of it and the fact if we have to delay these recommendations we're making, we're going to have to take the money from somewhere else and it's going to be out of readiness and modernization. We already don't have enough money in readiness and modernization. So it's of great concern to me, sir.

Senator LEAHY. Well, as the senior most member of this committee and one who has served here longer than anybody else, I've seen the debates over the years—from the time of Vietnam straight through, on the budget and I am concerned about that. But I'm also wearing another hat as the chair of judiciary, I realize as we all do, the Constitution requires Congress to raise and equip Armies as well as the part for the militia that might be called into Federal service.

We, Senator Graham and I, are concerned enough because we think a number of—small number—of the choices before the Army are truly controversial. And I think they could fundamentally change the nature of the Army we know. You and I may disagree on some of those, but we will introduce legislation. And we will, and I say this in all honestly, we will look forward to the feedback you have when you see the legislation. But I suspect it has a good chance of passing and I want to make sure we don't throw the baby out with the bathwater.

But I am concerned that there has not been—while I'm concerned, on the one hand, the restrictions you have on funding but, the other hand, that we have not looked at what the long-term change might be not just for the Army but for the Guard and Reserves in this. And that's one of the things we will talk about in our commission.

General ODIERNO. Senator, that's fine. I mean, the Secretary and I have a total Army policy that we are very serious about. And my responsibility is to oversee the total Army, which is the Guard, Reserve, and Active component. That's my responsibility and I take it very seriously. And I believe that, when we look at these problems, we look at it from all perspectives.

So again I look forward to working with you, sir.

Senator LEAHY. Well, General, as you know I've been supportive of a lot of the things you've done in the past. Maybe in some areas we may disagree, but this is one where I want some other outsiders to also look at it.

You also made it clear, from your testimony last June to the Congress, and you did again today here, you are committed to rooting out cultural elements within the Army that may play a role in the current environment that led to sexual assault and harassment and hold those accountable; they're responsible.

I have many, many friends in the military. I have a son who served in the military, I have neighbors and friends at home who

are retired, and throughout all of them they've raised this question: What's the best way to handle it? The Washington Post, last week, published a story saying a prominent commander was suspended, relieved of command this August after an IG report review showed he repeatedly failed to pursue allegations of sexual misconduct against a subordinate. But then, once he was removed, he was made Director of Program Analysis and Evaluation on the Army staff.

What is the appropriate level of response? How do you balance it? I realize you can't—as a prosecutor of 8 years—I realize there's no one-size-fits-all. But how do you balance what is an appropriate response and punishment, to use that word, as a deterrent for future conduct?

General ODIERNO. Senator, it's a great question and it's one that the Secretary and I spend a lot of time talking about.

First off, we have to make sure we have—we still have to provide to make sure every individual has the rights that he has. And so, during that time that you talk about, he was suspended from command. We did a full investigation. We had to put him in a position that he had some expertise in that would help us to move forward. And then, once the investigation was done, we took immediate action. And that's the action that you saw of relief and then other actions that the Secretary will take.

And so, we look at each one of these individually. We're very serious about this. And we, I'm telling you, our commanders understand this. That if somebody doesn't take appropriate action then we will punish them. We look across the board at what's available. If somebody does something illegal, that's one thing. If somebody does something against regulation, that's another thing. And we take appropriate action based on that.

The one thing is reputation that you never get back. And that's the one thing we never remember how big that is, is your own reputation when something like this happens.

Secretary MCHUGH. And, Senator, may I just add something? Because, from the civilian side, you've raised a point that was something of a mystery to me when I first arrived. And that is we had an occasion, including the specific one you mentioned, where you have an officer where the charges have been substantiated, whether it be a trial or whether it be through an IG investigation, and yet, by law, they have to remain on the payrolls because they do have due process as you as a former prosecutor know.

And so, the question becomes for us, all right, we have to pay him. Shouldn't we get value by the taxpayer dollars as we go through that interim period of where that officer can file certain matters on his own behalf and matters of appeal? Or do we sit him in a corner somewhere? So, in the case in question, he had certain skills and we thought it was better for the taxpayer and the Army if we got some value out of it. After the case and due process period was closed, we've taken some pretty significant actions. And, as the Chief alluded to, I still have the authority to review his status, rank and grade of retirement, which will be part of the process going forward.

Senator LEAHY. Thank you.

Thank you, Chairman.

Senator DURBIN. Thank you. Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Gentlemen, thank you.

I want to just begin my questions this morning with a direct thank you, Secretary McHugh, General Odierno. You have helped us yet again this year by allowing Major General Karen Dyson to be available as our guest of honor and the keynote speaker at the Fairbanks Military Appreciation event. This is the 46th Annual Banquet that they've had up there. And I believe that this is the first time that we have a female general officer ever to keynote it. And I'm very proud of that. And thank you for that. I know that the people of Fairbanks will look forward, too, to visit with her.

General Odierno, it was a couple years ago before this subcommittee that I asked you the question about the strategic importance of Alaska going forward as we shift to the Pacific. And you emphasized, I think, very clearly the importance of Alaska's role from a geopolitical perspective, our position there in the Pacific and, really, our overall defense capability. That, of course, was before sequestration. Not only are we looking at that but some very difficult decisions coming up in 2016 if we don't find a solution to the Budget Control Act and sequestration.

So my question to you this morning is what value does the Army place on maintaining two brigade combat teams in Alaska if we're not able to get around the BCA if you're forced to draw down force-structure to a level of 420,000; and, really, the whole subject of pivoting to the Pacific, if those are the numbers that we're looking at?

General ODIERNO. Well, we're going to have to go through a thorough review of where we need our forces, what type of forces we need. And we're starting that process now because, if this in fact happens, we'd have to be at 420 by fiscal year 2019. And so, we'll start to do those reviews now. And it's a series of capabilities based on training capabilities, positioning, how do they respond to our national security requirements, which the Asia-Pacific regions is up there very high. So we'll take a look at all of those things as we determine what capabilities we need. So we would've not begun that process in earnest; we will soon.

As I've stated to you before, you know, we cherish our relationship that we have with Alaska and the units we have there, but I can say that for almost every place that we go. So, as we evaluate that, we'll have to take all of those types of considerations before we make any decisions. I mean, I would just highlight that, as you probably know, you know, with the Airborne Brigade, they just did a joint exercise in Thailand where they did a joint airborne exercise with the Thai Army and several other great things that we continue to do out of our units in Alaska. So we are very proud of what they do and what they've done there and what they continue to do to support our missions around the world.

Secretary MCHUGH. Senator, can I just add a little context?

Senator MURKOWSKI. Yes.

Secretary MCHUGH. Just so everyone knows the extent, possibly, that we may have to go.

As you know, we just went through a process that took down a BCT out of every multi-BCT post in the continental United States. We have issued a data call to every post, camp and station asking

for what their structure would look like at a variety of numbers. For those larger maneuver-type bases, that number is up to 16,000 fewer troops. So we don't expect that that would be a uniform figure across-the-board, but that is the depth of analysis that we're going to have to do and that is the possible implication, at least to a base or two, that would go about if we have to go to BCA levels.

Senator MURKOWSKI. Very sobering.

General Grass, I want to continue the conversation that we've been having regarding management of sexual assault and related integrity issues with the Alaska National Guard. You may be aware that just last week, on Sunday, the Anchorage Daily News, a columnist reported on the issue rather extensively in terms of who knew what when. I want to focus just on one aspect of this issue.

My staff had learned about the Chaplain's concerns of reporting sexual assaults. I learned about it on June 12, 2013. I signed a letter to the Defense Department, IG, requesting an inquiry just 7 days after that. The chaplains had alleged that they had raised their concerns through the chaplain channels to the National Guard Bureau but it doesn't appear that anything happened other than a staff assistance visit; which kind of leads to the question of what did the National Guard Bureau know and when did it know it?

But, beyond that, I'm led to believe that the National Guard Bureau has either very little oversight, or perhaps no oversight, over day-to-day problems that may exist in the States even when there's a suggestion that allegations of sexual assault are perhaps being swept under the rug unless a Governor or the Adjutant General invites the National Guard Bureau in.

These are clearly integrity issues and I'm really quite surprised, perhaps shocked, that the National Guard Bureau claims to have very little power to pursue them because they're State forces. So this investigation, of course, is moving forward.

General, I would hope that you know, in my judgment, I think we need to have a process that is able to deal with resolution of allegations that you may have Guard units that are engaged in perhaps systemic misconduct as I think we're finding in Alaska. And, that the process needs to be a Federal process that does not depend on the willingness of a State to be investigated. So your thoughts on this matter.

We're learning a lot after the fact but one of the issues that we're reconciling now is you've got a National Guard Bureau that may or may not have the ability to intervene and to weigh in on issues that, I think we would all concur, are extraordinarily troubling.

General GRASS. Senator, first, let me say that as me and my senior enlisted, we share this with every State and guardsmen and women across the map as we go out: Sexual assault is a crime. And we've got to go after this and take it on. We've got to have the full suite of authorities, especially in the Guard, because we have situations where somebody may not be on a duty status when it occurs. We don't care. If it's a guardsman, we're going to use whatever we can.

And, ma'am, I appreciate your question the last time we were here. I think it was with the SACD for the Air Force. I went back

and reviewed that several years ago when it came. The National Guard Bureau sent forward to Alaska a group of investigators to look at the processes to see if the State had the processes. And, at that point, the response came back that, yes, the processes were there.

I walk a fine line, though. At some point, where trying to work with the Adjutant General and the Governor, respecting their authority, but at some point I do, I mean, I can enter into the discussion. There is a colonel that works in every State; works for me because of the Title 10 resources; the Federal resources and the equipment. So I always have that ability. The Inspector Generals in each State; I'm their seniorator. They work for the Adjutant General but I'm their seniorator. Most of them are Active Duty officers. So we have several means there.

And I would tell you, ma'am, that the Office of Complex Investigations that the National Guard stood up just over 2 years ago, and we have 92 trained, they're trained at Fort Leonard Wood, special investigators, were specifically for this situation where there may not be a local jurisdiction that will handle the case or there may not be a uniform code of military justice. So we actually are working right now very closely with the Governor's office. And there's other actions underway I think you're aware of in Alaska.

So we do feel we have the right mechanisms now to go after this. That did not exist 2 years ago, the OCI, what we call the Office of Complex Investigations. Also, we have a Special Victims' Council that I've requested both from the Secretary of the Army and Secretary of the Air Force, which we should be hearing back shortly, that we will also be able to provide that resource to the victims in State.

Senator MURKOWSKI. Well, I appreciate that, General, and perhaps if we have an opportunity to follow up in the near future on these issues. I appreciate what you're saying about the Federal process. And perhaps we didn't have it in place 2 years ago. I do find it somewhat disconcerting because, as we know, these issues of sexual assault and the allegations that are behind them have been going on for a long period of time. I do want to know that processes that we have in place; they're working; they're adequate; and responsive. So I'd be happy to follow up with you later. And I appreciate you.

General GRASS. Thank you, Senator.

Senator MURKOWSKI. Thank you.

Senator DURBIN. Thanks, Senator Murkowski.

Mr. Secretary, if I can ask two questions here that are a little different in scope. I've raised in previous hearings the for-profit colleges and universities that are offering educational opportunities to not only the men and women in uniform but their families. And the fact that study after study shows that these for-profit colleges and universities are twice as expensive as their public and not-for-profit counterparts. They have lower success rates when it comes to the students who take the courses including lower graduation rates, worse employment outcomes, and, in some cases, not particularly in this case, debt levels and loan default rates dramatically higher than in public and not-for-profit circumstances.

Can you tell me what is being done in the Army now? I'll give you an example: I have a nephew out in Fort Drum who went to Afghanistan and came back safely; was deployed, then, to Korea and he wrote me an email and said, "I got great news for you. I just signed up at the American Military University."

And I had to write back to him and say, "You've made a big mistake. This is not a good school. You've got an option to take courses at University of Maryland, they've been doing it for decades. And the hours are transferable to your home State university when you get out of school." And he said, "I didn't know that."

He was a specialist, served our country; thought he was doing the right thing. He was misled into believing that one of these for-profit schools was worth his time and the Government's money. What is your thought?

Secretary MCHUGH. Well, we've discussed this before, and we certainly agree that the last thing we want to see is: (a) a soldier who is trying to do the right thing and further his education is somehow cheated out of that genuine opportunity; and (b) the end result is also a waste of taxpayer dollars. In Army dollars by and large.

So, through our Tuition Assistance program, we have been trying to establish a framework within which we can do our best to ensure that wherever a soldier seeks to use his or her tuition assistance that it goes only to an accredited university. And we use the Federal Department of Education standards and accept their accreditation. We think that's the best way to do this.

The other thing we have established is a Memorandum of Understanding with all schools who fall into that category, who choose to pursue Army TA dollars, that set certain standards, set certain requirements for them and obligations to them from them to the soldier, in our case. And, in fact, we're finding that the questionable schools are refusing to sign that and, as such, we disqualify them for fund eligibility. We've had several hundred disqualify just over the past few years.

So we want what you want. And we're trying to work in partnership, as I saw, with the Department of Education to make sure that we're as closely aligned to the national standards as possible.

Senator DURBIN. And we're not making your job any easier because the U.S. Department of Education literally accredits some of these awful schools and says to students in the outside world, not military world, you're eligible for Pell grants and Government loans. What's a student to think? This must be a real school. So we're not making it easier and I'm letting Secretary Duncan know my disappointment with what's going on at that level.

General ODIERNO. Senator, if I could just add?

Senator DURBIN. Sure, General.

General ODIERNO. Just that 279 have been suspended by us; schools. A new list is going to come out in about 30 days and we'll suspend more that are not meeting our criteria.

The other thing we've done is we now have lists. These lists are now available in our Soldier for Life Program at every installation. So, when soldiers start talking about doing education, we now show them the lists of these schools so they understand who is on it and which ones not to sign up for. And we're really trying to work this

very hard to educate. There are so many cases and it's so unfortunate that they waste their benefits on institutions that, frankly, do not provide them anything worthwhile as an education.

Senator DURBIN. Thank you.

General TALLEY. Mr. Chairman, if I could?

Senator DURBIN. Sure.

General TALLEY. I'm kind of a recovering academic. I've been a professor at three universities before I came back into the Active component. So, first off, for that great specialist, if he wants to transition to the Army Reserve, I think we can help him.

We initiated a private partnership initiative that has agreements in place with over 6,000 private companies to include academia. And so, what we're doing, and I have met with the President of Norwich University yesterday, we are taking companies—

Senator DURBIN. That's to get my attention; right, General?

General TALLEY. Roger that, sir. It was a great meeting. I met with him and Gordon Sullivan.

What we've done is both companies and private not-for-profits, so academia as well as those that give the certification registrations in those trade and professional industries, they're partnering with the Army Reserve on our new initiative where they provide the resourcing and funding to our soldiers and their family members so they can get that type of education; both formal academic education and the certification to get the registrations. We're having great success. And I assure you, we only work with those universities that are absolutely first rate.

Senator DURBIN. Great.

Another unrelated topic: A year and a half ago, there was a terrible tragedy in Bangladesh when a fire broke out at a garment factory killing over 100 workers. And, in the course of going through the ashes, it was discovered that this garment factory was supplying the Marine Corps with fabrics and garments that have been made with the Marine Corps logo. When the Marine Corps found out about it, they said we are going to make sure that we are never doing business with someone that's exploiting labor in the United States or anywhere in the world. And they sent out a new standard in terms of what they would require.

Has the Army looked into instituting similar standards in contracts to crack down on these kinds of abuses? And can you work with us if you have or have not to promote this throughout the military?

Secretary MCHUGH. I can assure you we will do everything we can to both support any efforts up here on the Hill but also to enact our own. We have very compliant measures whereby we try to do everything we can to buy American, thereby obviating at least the overseas challenge in where there are questions of human rights abuses and such. As the gentlemen on your right knows quite well, we have very strict oversight from Congress. We're not, in theory, allowed to do that kind of business with those kinds of organizations but it needs to be an effort of continued vigilance.

Senator DURBIN. Our appropriation bill affecting this year requires some quarterly reports. So if you could take a closer look. We understand there may be some question raised about Cam-

bodian suppliers to the United States military, in particular the Army. So if you could take a look at that, I'd appreciate it.

Secretary MCHUGH. We will do that.

Senator DURBIN. My colleagues have any follow-up questions?

Senator Shelby.

Senator SHELBY. Brief.

I know we've touched on a lot of things at the hearing, but what I get out of the hearing overall, underlying everything, is a lack of funding. A lack of funding for the Reserve, the Guard, the regular forces, you name it. And there's an old saying that we all know about: You get what you pay for. And the American people, through us, are going to have to change what we're doing.

Thank you.

Secretary MCHUGH. Thank you, Senator.

ADDITIONAL COMMITTEE QUESTIONS

Senator LEAHY. No. In fact, I found every one of the witnesses here to always be available if I had a phone call or a question. So I have nothing further.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. JOHN MCHUGH

QUESTION SUBMITTED BY SENATOR RICHARD J. DURBIN

Question. Secretary McHugh and General Odierno, the subcommittee has been concerned about the health of the combat vehicle industrial base for several years, and the termination of the Ground Combat Vehicle (GCV) program in fiscal year 2014 has only added to this concern. The engineering workforce that is essential to these efforts is seemingly at risk, and once gone is difficult and expensive to replace. With the termination of GCV, the Armored Multi-Purpose Vehicle (AMPV) is seen as vital to the combat vehicle industrial base.

How did the Army evaluate the requirements for AMPV, particularly regarding the relative capabilities of tracked vs. wheeled vehicles? How does the Army evaluate the cost to operate a tracked vs. wheeled vehicle?

Given the Ground Combat Vehicle termination, what is your plan for maintaining the workforce necessary to design and produce the next generation of fighting vehicles?

Answer. The Army conducted a detailed Analysis of Alternatives in 2011 to identify the most cost-effective solution for replacing the M113 while reducing technical, schedule and cost risk. The Analysis of Alternatives identified five mission roles that the M113 vehicle performed within the Armored Brigade Combat Team: General Purpose; Medical Treatment; Mission Command; Medical Evacuation; and Mortar Carrier. The study then identified 115 vehicles, both foreign and domestic, that were viable candidates to fulfill the five mission roles. All candidates were evaluated against four screening categories: Mission Equipment Package suitability; rough-order-of-magnitude average procurement unit cost; initial performance analysis on mobility; and initial performance analysis on protection attributes compared against the base M113.

The study identified four candidates for further consideration: a turret-less Bradley Fighting Vehicle; a Mobile Tactical Vehicle Light with added force protection; the Caiman Multi-Terrain Vehicle; and a Stryker Double-V Hull. Additionally, the Analysis of Alternatives informed the requirements process and validated the capabilities needed of the replacement system that were further validated by the Joint Requirement Oversight Council in 2013.

An AMPV solution, whether tracked or wheeled, needs to have the mobility required to perform to the same abilities of the primary combat vehicles in a formation. An AMPV must be able to traverse complex slopes in several directions (up, down, sideways). An AMPV must be able to conduct very wide Gap Crossings of trenches in forward and reverse. An AMPV must also be able to execute a controlled

360 degree left or right turn within 1.5 times the vehicle length. This allows the vehicle and unit commanders to negotiate and quickly maneuver in cross country and urban terrain, particularly during Mounted Operations in Urban Terrain environments where tight turning radius is particularly necessary. The Analysis of Alternatives analyzed different types of vehicles to see which were able to meet the aforementioned mobility requirements.

In determining operating costs for programs in the acquisition process, the Army considers such major cost elements as consumable spares: repairable parts; petroleum; oil; and lubricants; ammunition; personnel (crew); and depot maintenance. Early in the acquisition life of a system, a cost estimate is developed by determining the closest analogous system(s) and/or component(s). Actual historical costs are acquired for use in these analogies. Then, these historical costs are adjusted based on such known characteristics as weight, reliability, and power. Per-mile metrics for repair parts and spares are valuable in making comparisons between wheeled and tracked vehicles due to the apparent cost deltas that exist between these vehicle types. Historically, tracked vehicle repair parts and spares cost per mile, and fuel costs have revealed higher operational costs than wheeled vehicles. This is mostly due to the additional weight and complexity of tracked vehicles.

The Army evaluates contractor's estimated operating costs of a proposed system during Source Selection Evaluation Boards (SSEBs) prior to contract awards. During SSEBs, the Army determines how well system proposals meet defined Key System Attributes (KSAs) as specified in requirement documents, e.g., Capability Development Documents. The Sustainment Key Performance Parameter includes the Operations & Support Cost KSA alongside Reliability, Availability (both material availability and operational ability) and Maintainability in order to ensure that the entire lifecycle cost is captured and considered.

The Army shares concerns regarding the Defense industry's combat vehicle intellectual industrial base and its ability to maintain an adequate level of engineering skills and personnel to design and develop combat vehicles in the future. To address these concerns, the Army has developed a strategy that will explore and refine future combat vehicle concepts and requirements, as well as leverage its robust Science & Technology (S&T) investment for the next generation infantry fighting vehicle while keeping the combat vehicle engineering industrial base engaged.

Under this strategy the Army will leverage the current Ground Combat Vehicle program prime contractors' technology development designs to facilitate the maturation and integration of advanced technology into a variety of advanced combat vehicle concepts, which will keep the intellectual industrial base engaged. Additionally, the combat vehicle primes will support our assessment of Army S&T technology maturation initiatives and their effects on current and potential vehicle designs. This will enable the Army to build a knowledge base to inform Future Fighting Vehicle requirements by assessing design and cost tradeoffs and reduce risk. These efforts will support a Future Fighting Vehicle program of record when resources become available.

QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

Question. The Arsenal Sustainment Initiative directs you to release the Army Organic Industrial Base Strategy Report no later than 30 days after the enactment of the fiscal year 2014 Omnibus Appropriations Bill. What is the status of this report?

Answer. The Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics submitted the following report to Congress in August 2013: "Report to Congress on Critical Manufacturing Capabilities and Capacities." This submission fulfills the requirement in the Arsenal Sustainment Initiative to submit to Congress a report that identifies critical capabilities for arsenals.

Question. The Arsenal Sustainment Initiative directs the Army to assign the arsenals a sufficient workload to maintain the critical capabilities identified in the Army Organic Industrial Base Strategy Report. How is the Army ensuring that the arsenals are receiving a sufficient workload for efficient operations that assists the arsenals in maintaining a "blue line level?"

Answer. The Army is engaged in several efforts to ensure that the arsenals are receiving a sufficient workload to maintain critical skill sets.

The Assistant Secretary of the Army for Acquisition, Logistics and Technology has directed Program Executive Officers (PEO) and Program Managers (PM) to take advantage of arsenal capabilities where feasible, and to account for arsenal capabilities early on in the acquisition process when possible. PEOs report annually on the workload directed to the arsenals.

The Army Materiel Command has also developed the Materiel Enterprise Capabilities Database (MEC-D), a standardized market research tool with electronic access to enterprise-wide Army arsenal and depot capabilities. This database provides the Army acquisition community relevant Organic Industrial Base capabilities when considering manufacturing or repair requirements. PEOs, PMs, and Product Support Managers use MEC-D to assist with "make-or-buy" analyses as performed under Title 10 United States Code 4532.

Lastly, the Secretary of the Army has directed the Army Materiel Command to work directly with the Defense Logistics Agency (DLA) to explore ways to make Army arsenals a DLA source of supply for Army-related manufacturing requirements.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. Secretary McHugh, I have been informed that the Army is requiring the National Guard to divest itself of up to four Brigade Combat Teams. It is unfortunate that we are looking to reduce the combat capabilities of the National Guard after they have proven themselves to be worthy over the past 12 years of conflict. The 155th Brigade from my home State of Mississippi has deployed twice to Iraq. In 2005, they served alongside the Marines and conducted full spectrum missions in Najaf, Karbala, North Babil and Eastern Al Anbar. They performed admirably at a critical time and should be commended for their service. Given the current budget constraints why are you not looking to sustain the National Guard, which is less expensive when not activated than the same force in the Active Component, and maintain combat capability instead of divesting force structure?

Answer. We have made a fundamental decision that we will rely more on the U.S. Army Reserves (USAR) and the Army National Guard (ARNG). This will be necessary since we are taking a much larger reduction in the Active Component (AC) than in the Reserve Component (RC). The RC plays an important role in peace and war, and will make up more than 50 percent of the Total Army endstrength. Reserve formations are best suited to predictable, infrequent deployments, domestic missions, and providing operational and strategic depth to the Joint Force in contingency operations. Missions the RC conducts in support of civil authorities, such as disaster relief, reinforce the RC's competency to provide critical capabilities necessary for overseas operations. We will continue to retain the RC as an operational reserve and employ it as funding permits.

We have taken cost into consideration and determined that a larger share of the cuts should come from the Active Component (AC) instead of the Reserve Component (RC). Our plan calls for cutting a total of 213,000 Soldiers from the Total Force; 150,000 from the Active Component, 43,000 from the ARNG, and 20,000 from the Army Reserve. A full 70 percent of the total cuts will be from the AC. This will ultimately result in our Total Army going from a 51 percent AC and 49 percent RC mix to a 54 percent RC and a 46 percent AC mix.

The Army has relied on the Reserve Component as an integral partner over the last 13 years in support of world-wide contingency operations and they have met all assigned mission requirements. However, there are certain capabilities that are better suited for the Active Component and others that are better suited for the Reserve Component. In general, organizations that are large and complex, such as Armored Brigade Combat Teams, are easier and cheaper to sustain at high levels of readiness if in the Active Component. Units that are smaller, less complex, and primarily composed of Soldiers with skills easily sustained in civilian employment, such as transportation companies or certain construction engineer units, are far more cost effective in the Reserve Component. Readiness, capability, and agility are all critical to the success of the both the Reserve Component and the Active Component.

It is important to highlight an independent RAND study that examined force mix and tour output. What we learned was that large, complex organizations which require skills not easily sustained in the civilian market (such as Armor Brigade Combat Teams or Combat Aviation Brigades) are considerably cheaper to have in the AC. However, less complex organizations which require skills easily sustained in the civilian market (Finance and Transportation Brigades for example), are considerably cheaper to maintain in the RC. This information contributed greatly to our decisions on not only where to reduce end strength, but where to maintain specific capabilities as well.

[NOTE: The follow question was answered by Hon. John McHugh and General Raymond T. Odierno.]

Question. Mr. Secretary, I have been informed that the Army is putting an additional Combined Arms Battalion in each of its Brigade Combat Teams. While this should increase the combat capability, it would also increase the operation and maintenance costs. Instead of putting all that additional force structure in some of the Active force brigades, why not use existing National Guard combat units? Have you looked at combining the Active Army and the Army National Guard to form multi-component or associated units? During the 1980s and 1990s the Army had a "Round-Out" program where National Guard combat units were used to round-out the brigades and divisions. How effective was that program? With the current Guard combat training and equipment readiness rates, do you think a program like that would benefit the Nation during these times of decreased resources?

Answer. Lessons learned from combat operations over the last 12-plus years of conflict resulted in the Army 2020 Brigade Combat Team (BCT) redesign. In addition to a third maneuver battalion, the Army 2020 BCT adds an engineer battalion and precision fires capability to the Infantry BCT. The conversion to this design coincides with the reduction of 13 Active Component (AC) BCTs to achieve a 490K force and allows the realignment of maneuver battalions to achieve the three maneuver battalion design in all but the three overseas Infantry BCTs. Our plan will also reorganize ARNG BCTs with a majority of the end strength reductions coming from the removal of Headquarters which the reorganizations would render as unnecessary overhead. These BCTs will continue to be organized with only two maneuver battalions. The Army continues to assess opportunities to integrate reserve component Soldiers into Active Component formations either individually or by unit. We are currently studying the possibility of integrating Reserve Component Soldiers into AC Divisions and Corps and rounding out select AC BCTs with Army National Guard Battalions.

We agree that leveraging the ARNG's force structure will benefit the Total Army and the Nation during these fiscally uncertain times. As a result, we are currently analyzing the multi-component unit (MCU) Brigade Combat Team (BCT) option you reference. Our analysis includes—a yet to be determined, but at least two—MCU BCTs that will incorporate ARNG infantry maneuver battalions into Active Component (AC) BCTs. The Army continues to assess opportunities to integrate reserve component Soldiers into Active Component formations either individually or by unit. We are also studying the possibility of integrating Reserve Component Soldiers into AC Divisions and Corps.

The Army will continue to build Army National Guard and Army Reserve forces through Army Force Generation. For example, we are planning to send one Army National Guard Brigade Combat Team (BCT) to Combat Training Centers in fiscal year 2014 and two in fiscal year 2015. These events represent a significant investment in preserving Reserve Component readiness and ensuring an integrated and ready Total Force. Pursuant to the Army Total Force Policy, the Army will continue to consider using Reserve Component units for steady state rotations, as it has in the past; however, the Army has not planned to employ Army National Guard BCTs for rotations to Korea because the BCTs cannot reach the desired level of training proficiency within their allotted training days.

In general, if the Army National Guard maintains too much force structure, its readiness funding must be reduced. Therefore, it is essential that the Army National Guard reduce force structure as outlined in the Army's budget submission in order to preserve its capability as an operational force.

QUESTIONS SUBMITTED BY SENATOR LAMAR ALEXANDER

Question. The Army's aviation plan is premised on saving money by divesting airframes, including the OH-58D Kiowa Warriors in my home State, and moving all AH-64 Apache helicopters from the National Guard to the Active Component. You have testified that there would be approximately \$12 billion in savings if your plan goes forward.

Over how many years would your plan achieve those savings? What is the cost of retraining all of the pilots? Would it be more efficient to retain Apaches in the National Guard as opposed to the Active Component since they are not being deployed?

Answer. The Aviation Restructure Initiative (ARI) will avoid an estimated \$11.9 billion in one-time costs. The Army will avoid paying for the Cockpit and Sensor Upgrade Program (CASUP), Service Life Extension Programs (SLEP) for the OH-58D and TH-67 training helicopter, and a new training helicopter to replace the aging TH-67 fleet. The Army programmed \$1.457 billion for CASUP between fiscal year 2015 and fiscal year 2019. The breakdowns of those costs are as follows:

\$245.01 million in fiscal year 2015; \$223.12 million in fiscal year 2016; \$257.22 million in fiscal year 2017; \$308.32 million in fiscal year 2018; and \$423.42 million in fiscal year 2019. The Army estimated spending an additional \$1.9 billion for CASUP between fiscal year 2020 and fiscal year 2030. CASUP was a stop-gap measure to allow the Kiowa Warrior to be more combat effective until a long-term solution for performing the armed aerial reconnaissance mission could be identified. The CASUP funds were reprogrammed to directly pay for training Soldiers and aviators across all components to meet the demands of the new force structure. The funds will also procure Tactical Common Data Link (TCDL) for Shadow Unmanned Aircraft Systems (UAS), AH-64E manned-unmanned teaming capability, Gray Eagle UAS KA satellite communications upgrade, and LUH-72 simulation transition at Fort Rucker, Alabama.

The majority of ARI cost avoidance occurs outside of the fiscal year 2015–2019 Future Years Defense Plan. The Army estimates it would have been required to spend \$6.96 billion on OH-58D SLEP, \$191 million on TH-67 SLEP and upgrades, and \$1.43 billion on a new training aircraft to replace the TH-67 in fiscal year 2020 and beyond.

The cost to retrain both the Active and Reserve Component Aviators and Soldiers is about \$444 million between fiscal year 2015 and fiscal year 2019. The cancellation of CASUP within the fiscal year 2015–2019 Future Years Defense Plan facilitates the reallocation of \$1.457 billion to pay for training transitions, Ft. Rucker's transition to an LUH training fleet, UAS modernization, and certain AH-64 upgrades.

The Army's Attack/Reconnaissance battalions are considered low density and high demand assets that must be fully trained and ready on short notice to deploy for world-wide contingencies and crisis response in the wake of major reductions to the Total Army end-strength and force structure. The divestment of OH-58D Kiowa Warriors and the elimination of three entire Combat Aviation Brigades (CABs) from the Active Component (AC) will take Army Aviation down from 37 to 20 shooting battalions. This necessitates transferring all Apache helicopters to the AC in order to meet the demands of our Combatant Commanders. The Army simply does not have the luxury of retaining Apache helicopters in the Reserve Component (RC) as it is considerably more expensive to maintain a sufficient, available inventory of Apaches in the RC than it is to do so in the AC.

When considering the most effective use of limited resources, National Guard Formations should be optimized with "dual use" equipment and formations that are capable of supporting States and Governors as well as Combatant Commanders when mobilized. We must develop complimentary and mutually supporting capabilities. The Army supports a multi-component solution for operationalizing ARNG Aviation Brigades in non-permissive environments. Under the Aviation Restructure Initiative (ARI), each ARNG Aviation Brigade will have an AC AH-64 battalion aligned with them for training and deployment. These AH-64 battalions will deploy with an intermediate maintenance slice to support AH-64 maintenance and armament. This model has proven effective in the past, and in fact, we have a National Guard aviation brigade deployed to Kuwait today with an active duty attack battalion attached.

The Aviation Restructure Initiative (ARI) was necessary due to severe budget restraints. ARI is designed to achieve a leaner, more efficient and capable force that balances operational capability and capacity across the Total Army. The low-density, high-demand AH-64 Apaches transferring out of the Army National Guard (ARNG) will be repurposed to replace Active Component (AC) OH-58D Kiowa Warriors that are being divested. The transfer will enable the teaming of Apaches with unmanned aircraft systems (UAS) for armed reconnaissance, filling a critical capability need for an Armed Aerial Scout created by the elimination of the Armed Reconnaissance Helicopter program. In addition, consolidation of Apache airframes in the AC will enable the Army to better meet the operational demands of our Combatant Commanders due to the increased operational availability as a result of the reduced dwell times required in the AC. The ARNG will receive additional UH-60 Black Hawk helicopters to optimize the ability to perform its mission in the homeland and deploy in support of combat operations.

Necessary savings are generated by divesting three entire fleets of Army aircraft—the OH-58A/C Kiowas; the TH-67 training helicopters; and the OH-58D Kiowa Warriors—an overall reduction of 798 aircraft. The net effect of the reduction is a 23-percent decrease in aircraft in the AC with only an 8-percent reduction in the ARNG. In addition to procurement and modernization cost savings, the Army would also avoid the significant operations and sustainment costs of these aging aircraft fleets. ARI avoids approximately \$12 billion in imminent costs. If the Army were to not execute ARI, we would be forced to retain many of our oldest and least capable aircraft while divesting several hundred modernized airframes. Upgrades to the Kiowa Warrior would cost over \$10 billion. Replacing the legacy TH-67 training

helicopter would cost another \$1.5 billion. In addition, lower procurement rates of modernized aircraft would cost the Army approximately \$15 billion. These costs would be unbearable for the Army under the current budget constraints and would risk creating a hollow force, with less overall capability and less investment in modernization.

The Army National Guard was involved in the development and staffing of the aviation restructure plan during the entire process. The ARNG was directly involved as early as February, 2013 and had planners present during the development of specific details of ARI.

Under the ARI plan, the regular Army, Army National Guard, and United States Army Reserve all retain combat aviation units. UH-60 Black Hawks and CH-47 Chinooks, which are in all service components, accounted for the majority of hours flown in a combat environment during Operation Enduring Freedom and Operation Iraqi Freedom.

It is not possible to produce AH-64s at a rate sufficient to replace the OH-58, resulting in a multi-year capability gap. In addition to this, the purchase of sufficient AH-64s would cost over \$4 billion in addition to an additional annual operations cost of more than \$340 million.

Question. The decision to divest the Army of the OH-58D Kiowa Warrior and have the AH-64E Apache assume the scout mission is not a permanent solution.

Does the Army plan to proceed with a new program to produce and acquire an aircraft to perform the Army's scout missions? Does the Army, at some point, intend to proceed with the Armed Aerial Scout Program? Will the excess aircraft be retired or will they be transferred back to the National Guard?

Answer. The Army maintains a valid requirement for the Armed Aerial Scout and would like to develop an aircraft in the future; however, we currently do not have the fiscal resources to pursue a new procurement program.

A future materiel solution for the Armed Aerial Scout and the Future Vertical Lift will determine the required force structure to meet operational demands of the Combatant Commanders. Given the higher levels of training and resources required to maintain readiness in the Attack/Reconnaissance battalions, the Army believes the most cost effective means to maintain this readiness is in the Active component.

Question. I have serious concerns about downsizing the Guard's aviation capabilities and the aviation restructuring plan. Is it true that the National Guard Bureau, the 54 Adjutants General and governors have publicly disagreed with this plan?

I understand that the Guard has offered a counterproposal. Is the Army actively working with the Guard and considering their recommendations?

Has the Army considered the economic impact on the States in which they intend to divest battalions of AH-64 Apaches and squadrons of OH-58D Kiowa Warriors? Do you think that an estimate of \$30 million per year and 150 jobs being lost in the affected States is an accurate estimate of the economic impact?

Answer. I am aware of publically expressed concerns regarding the Aviation Restructure Initiative (ARI); however, the National Guard Bureau was involved throughout the development of the initiative. In fact, the Chief of the National Guard Bureau recently testified that he "was included in every discussion" and provided his best military advice. The "\$1.7B NGB Proposal" was considered independently by myself and the Secretary of Defense and was rejected because it does not meet the Defense Strategic Guidance without additional investment; it decreases fulfillment of Combatant Command contingency plans and steady-state operational requirements; it reduces the readiness of the Army National Guard; and it increases costs in comparison to the Department of the Army plan.

Due to the Budget Control Act (BCA), Army Aviation's total obligation authority for aircraft modernization and acquisition has been reduced by \$3 billion per year through fiscal year 2019, and training and sustainment dollars are reduced by 40 percent from fiscal year 2012 levels. These reductions make the previously approved (pre-BCA) Aviation Force Structure and Aircraft Modernization plans untenable, requiring a new approach.

Prior to the BCA, Army Aviation's modernization and force structure plan was to continue to grow the Active component to 13 Combat Aviation Brigades (CAB), continue to modernize the AH-64 Apache, UH-60 Blackhawk, and CH-47 Chinook helicopter fleets, upgrade the OH-58D Kiowa Warrior (at a cost of \$10 billion) and to conduct a costly service life extension program (SLEP) or even more costly replacement of the aging TH-67 training fleet. The Army National Guard and Army Reserves would have continued to receive modernized UH-60, AH-64 and CH-47 aircraft and retain all of their structure.

To continue with the original aircraft modernization plan under BCA constraints (upgrade OH-58D Kiowa Warrior, continue to modernize the AH-64, UH-60 and CH-47 fleets, and SLEP TH-67) would require the deactivation of 5 Active and Re-

serve aviation brigades and the divestment of their associated aircraft (-464 aircraft). This would have been a significant loss of structure and numbers of modernized AH-64, UH-60 and CH-47 aircraft, just to retain the costly legacy OH-58D and TH-67 aircraft. For that reason, I directed a fundamental reassessment of aviation structure in the Active, National Guard and Reserve forces. My guidance was to determine the best force structure and modernization balance to retain the most capabilities and capacity in highest demand by our Combatant Commanders and recurring civil and homeland defense requirements.

The new approach, known as the Aviation Restructure Initiative (ARI), uses the Budget Control Act level force and does not add cost to the Army's budget. ARI calls for reducing and reconfiguring the number of Active aviation brigades from 13 to 10, which enables the retention of one aviation brigade per Active component division. The Reserve component will retain 12 Aviation Brigades, but will be restructured to a common organizational structure for 10 Brigades optimized for assault, lift, and MEDEVAC missions—most in demand for Defense Support of Civil Authorities (DSCA) missions.

To execute ARI, the Army will divest 338 OH-58D Kiowa Warriors and use the previously designated OH-58D cockpit upgrade dollars to reinvest in the training base and other modernization efforts. We will transfer all of the AH-64s from the National Guard to the Active component and use the AH-64, teamed with unmanned systems, in armed reconnaissance squadrons to replace the loss of the Kiowa Warrior Squadrons in the Active component. We will transfer 159 X UH-60s from the Active component to convert 4 of 10 Reserve component AH-64 Battalions to UH-60 (2 USAR and 2 ARNG). The National Guard will gain 111 UH-60s and the USAR will gain 48 UH-60s over current structure. We will divest the legacy TH-67 and OH-58A/C training fleet and replace them with UH-72A Lakota helicopters taken from the Active component and 100 newly procured Lakotas. In a compromise with the National Guard, the Office of the Secretary of Defense directed the Army to procure the 100 new Lakotas to address concerns raised by the Guard during the planning process for ARI. The National Guard will retain all of their 212 UH-72As specially equipped for the southwest border mission and other requirements in permissive, non-combat environments. This will give us a modernized, next generation glass cockpit, dual engine training helicopter. These aircraft will train all new Army aviators, regardless of component.

Eliminating three of seven entire fleets of legacy aircraft (OH58D Kiowa Warrior, TH67, OH58A/C), remissioning AH-64 Apache helicopters to the armed reconnaissance role in addition to their traditional attack role, dual-purposing our UH-72A Lakota helicopters for both the homeland defense role and initial pilot training, and growing our lift helicopter fleets in the Army National Guard will allow us to retain the maximum force structure and modernized aircraft across the Total Army to meet the demand for Aviation across the Combatant Commands and States.

Although the resulting rotary-wing force will be smaller by 798 aircraft to pre-BCA levels and with cuts falling disproportionately on the Active component (-23 percent) versus the National Guard (-8 percent), divesting the OH-58 and TH-67 fleets and moving the AH-64s from the RC to the AC allows us to preserve two additional Combat Aviation Brigades and improve the quality of Aviation Training while retaining a fully modernized aviation force across the Total Army. ARI saves or avoids costs associated with retaining the Kiowa Warrior and trainer, which total nearly \$12 billion. Also, the Army estimates ARI will save \$1.1 billion annually in operations and sustainment at full implementation.

In regard to the NGB proposal, it actually increases costs. While the NGB proposal appears neutral with respect to the ARNG budget, it does not account for the significant increase that would occur to the \$3.25 billion per year that the Department of the Army already funds from the Regular Army budget to support the Army Guard. Specifically, the NGB proposal does not account for increases of \$300 million annually for additional end strength and structure related costs, such as basic combat training, specialized skill training, contractor maintenance support, payroll processing and officer accessions. Nor does it account for a \$350 million annual increase in aviation operations and sustainment type costs and the \$4 billion one-time cost that would result from not executing the ARI as planned.

The NGB proposal would decrease readiness by reducing Operations and Maintenance funding, which is used to resource Soldier, unit and facilities readiness. The proposal funds only 50-to-80 percent of required duty military occupation specialty, functional and professional development training, that would result in significant numbers of Guardsmen assigned to units untrained in their military duties and leadership responsibilities. The proposal would reduce unit readiness, with only two Guard BCTs funded above individual-crew-squad level of readiness. The proposal's reductions to readiness would lengthen post-mobilization training that ARNG units

require to respond to Combatant Command operational and contingency requirements, decreasing the Army Guard's viability as an operational reserve. The proposal also decreases MILCON funding by \$100 million per year and decreases facilities sustainment funding, negatively impacting Army Guard infrastructure.

The NGB proposal does not accurately capture the cost of turbulence. The Department of the Army estimated and budgeted turbulence costs at \$310 million over 5 years, or approximately \$62 million per year. The NGB estimated turbulence costs at \$1 billion, but this estimate included \$275 million in costs to implement the ARI, which are already accounted for in the Regular Army budget; \$360 million in facilities upgrades for unit conversions that have not been substantiated; and \$55 million in additional recruiting costs that the Department of the Army believes is excessive and unnecessary given the force is reducing in size.

The NGB proposal also does not accurately depict the impact of turbulence. OSD and Army leadership have testified to their desire to maintain ARNG end strength at 335K as part of a 450K/335K/195K force, which would significantly reduce turbulence if full BCA/sequester cuts can be avoided. NGB turbulence projections of the Department of the Army plan are overstated in that they represent a highly-unlikely absolute-worst-case that every possible position associated with potential structure adjustments is impacted. Even if the worst case were realized, the average annual turbulence that would result during the 5-year period of implementation would be less than the approximately 15 percent annual turnover the Army Guard experiences due to normal attrition.

Finally, the NGB proposal increases strategic and operational risk by reducing required unit readiness and operational responsiveness in order to preserve less-ready force structure. The proposal reduces the Total Army's ability to meet Combatant Commander contingency plans and steady-state operational requirements, extending the length of operations at increased risk to mission accomplishment and likelihood of additional casualties. Because the NGB proposal costs more and does not meet BCA-driven funding reductions, it would require additional reductions of \$650 million per year to other accounts, further degrading readiness and equipment modernization. The NGB proposal decreases readiness, increases risk, costs more, and violates the defense strategic guidance.

Under Budget Control Act spending caps, job losses under the ARI are less than would occur without ARI. Ongoing budget cuts across all components—Army, Army National Guard and U.S. Army Reserve—will have an economic impact to communities supporting installations and production facilities that produce, modify, or recapitalize Army equipment. Economic impacts will vary by State based on the final Army National Guard stationing decisions made by the National Guard Bureau that will determine personnel and equipment losses in each State and Territory.

The Army's Attack/Reconnaissance battalions are considered low density and high demand assets that must be fully trained and ready on short notice to deploy for world-wide contingencies and crisis response in the wake of major reductions to the Total Army end-strength and force structure. The divestment of OH-58D Kiowa Warriors and the elimination of three entire Combat Aviation Brigades (CABs) from the Active Component (AC) will take Army Aviation down from 37 to 20 shooting battalions. This necessitates transferring all Apache helicopters to the AC in order to meet the demands of our Combatant Commanders. The Army simply does not have the luxury of retaining Apache helicopters in the Reserve Component (RC) as it is considerably more expensive to maintain a sufficient, available inventory of Apaches in the RC than it is to do so in the AC.

When considering the most effective use of limited resources, National Guard Formations should be optimized with "dual use" equipment and formations that are capable of supporting States and Governors as well as Combatant Commanders when mobilized. We must develop complimentary and mutually supporting capabilities. The Army supports a multi-component solution for operationalizing ARNG Aviation Brigades in non-permissive environments. Under the Aviation Restructure Initiative (ARI), each ARNG Aviation Brigade will have an AC AH-64 battalion aligned with them for training and deployment. These AH-64 battalions will deploy with an intermediate maintenance slice to support AH-64 maintenance and armament. This model has proven effective in the past, and in fact, we have a National Guard aviation brigade deployed to Kuwait today with an active duty attack battalion attached.

The Aviation Restructure Initiative (ARI) was necessary due to severe budget restraints. ARI is designed to achieve a leaner, more efficient and capable force that balances operational capability and capacity across the Total Army. The low-density, high-demand AH-64 Apaches transferring out of the Army National Guard (ARNG) will be repurposed to replace Active Component (AC) OH-58D Kiowa Warriors that are being divested. The transfer will enable the teaming of Apaches with unmanned aircraft systems (UAS) for armed reconnaissance, filling a critical capability need

for an Armed Aerial Scout created by the elimination of the Armed Reconnaissance Helicopter program. In addition, consolidation of Apache airframes in the AC will enable the Army to better meet the operational demands of our Combatant Commanders due to the increased operational availability as a result of the reduced dwell times required in the AC. The ARNG will receive additional UH-60 Black Hawk helicopters to optimize the ability to perform its mission in the homeland and deploy in support of combat operations.

Necessary savings are generated by divesting three entire fleets of Army aircraft—the OH-58A/C Kiowas; the TH-67 training helicopters; and the OH-58D Kiowa Warriors—an overall reduction of 798 aircraft. The net effect of the reduction is a 23 percent decrease in aircraft in the AC with only an 8-percent reduction in the ARNG. In addition to procurement and modernization cost savings, the Army would also avoid the significant operations and sustainment costs of these aging aircraft fleets. ARI avoids approximately \$12 billion in imminent costs. If the Army were to not execute ARI, we would be forced to retain many of our oldest and least capable aircraft while divesting several hundred modernized airframes. Upgrades to the Kiowa Warrior would cost over \$10 billion. Replacing the legacy TH-67 training helicopter would cost another \$1.5 billion. In addition, lower procurement rates of modernized aircraft would cost the Army approximately 15 billion dollars. These costs would be unbearable for the Army under the current budget constraints and would risk creating a hollow force, with less overall capability and less investment in modernization.

The Army National Guard was involved in the development and staffing of the aviation restructure plan during the entire process. The ARNG was directly involved as early as February, 2013 and had planners present during the development of specific details of ARI.

Under the ARI plan, the regular Army, Army National Guard, and United States Army Reserve all retain combat aviation units. UH-60 Black Hawks and CH-47 Chinooks, which are in all service components, accounted for the majority of hours flown in a combat environment during Operation Enduring Freedom and Operation Iraqi Freedom.

It is not possible to produce AH-64s at a rate sufficient to replace the OH-58, resulting in a multi-year capability gap. In addition to this, the purchase of sufficient AH-64s would cost over \$4 billion in addition to an additional annual operations cost of more than \$340 million.

Question. Understandably, the Army is making hard decisions about programs and budget cuts; however, I am concerned that these decisions are often being made based on proportionality rather than long term strategy and cost. As we look at the threats we face today, and may face in the future, a strong and diversified force with more capabilities and capacity to deploy quickly makes sense. Some would say the only way to maintain that balance of capabilities that we need and what we can afford is by having a larger Reserve Component.

Do you agree that we need to have a larger Reserve Component to meet our future needs?

Answer. I believe the Reserve Component is appropriately-sized to meet the Army's strategic requirements, given current budget constraints.

The Chief of Staff and I reviewed the needs of Combatant Commanders before deciding to disproportionately reduce our Active Component while implementing modest reductions in Army Guard and Reserve Forces. The Army and the Office of Secretary of Defense conducted a transparent, open, and highly collaborative budget formulation, force structure, and aviation restructure decision process that included representatives from all components at every level. Additionally, experts and analysts within the Department of Defense assessed all proposals for their viability, ensuring the Army could meet its defense strategy requirements.

Numerous meetings of the Joint Chiefs and Combatant Commanders examined these proposals before a final decision was made by the Secretary of Defense. The result is a balanced approach that gives us the best Army possible, even the Budget Control Act spending caps continue in fiscal year 2016. The plan calls for end-strength reductions of 213,000 Soldiers, with a disproportionate cut of 150,000 coming from the Active Army, 43,000 from the Army National Guard, and 20,000 from the Army Reserve. These reductions to the active Army represent 70 percent of the total end-strength reductions, compared with 20 percent from the National Guard and 10 percent from the U.S. Army Reserve.

This will result in the Total Army going from a 51 percent Active and 49 percent Reserve component to a 54 percent Reserve and a 46 percent Active component mix. The Army will be the only Service in which the Reserve component outnumber the Active component, and we believe under these fiscal constraints it's appropriate.

The Army has relied on the Reserve Component as an integral partner over the last 13 years in support of world-wide contingency operations and they have met all assigned mission requirements. However, there are certain capabilities that are better suited for the Active Component and others, better suited for the Reserve Component. In general, organizations that are large and complex, such as Armored Brigade Combat Teams are easier and cheaper to sustain at high levels of readiness in the Active Component. Units that are smaller, less complex, and primarily composed of Soldiers with skills easily sustained in civilian employment, such as transportation companies or certain construction engineer units are far more cost effective in the Reserve Component. Readiness, capability, and agility are all critical to the success of the both the Reserve Component and the Active Component.

Our Army is getting smaller. We must be more ready in all three components to respond to future threats. Given reduced resources, this plan allows us to balance end-strength, readiness, and modernization across the Army and sustain our critical National Guard and U.S. Army Reserve Forces as viable operational Reserve.

Question. According to the Office of the Secretary of Defense's (OSD) Cost Assessment and Program Evaluation (CAPE) and the recent Reserve Forces Policy Board (RDPB) study, the National Guard is significantly more cost effective, saving approximately $\frac{1}{3}$ of the cost when not mobilized and approximately 80–95 percent of the cost when mobilized compared to active components.

Can you discuss why you are proposing to cut the National Guard instead of relying on them more when they offer opportunities to save money and can sustain our defense readiness?

Did you review any options to keep tens of thousands more soldiers in our Total Army, within the National Guard and Reserves, to help remain inside current cost constraints?

Answer. The Army is committed to the Total Force Policy. In order to meet the reductions imposed by the Budget Control Act and achieve the right balance in capabilities, we directed that cuts should come disproportionately from the Active Component (AC) before reducing the Reserve Component (RC). We have made a fundamental decision that we will rely more on the U.S. Army Reserves (USAR) and the Army National Guard (ARNG). This will be necessary since we are taking a much larger reduction in the Active Component (AC) than in the Reserve Component (RC). The RC plays an important role in peace and war, and will make up more than 50 percent of the Total Army endstrength. Reserve formations are best suited to predictable, infrequent deployments, domestic missions, and providing operational and strategic depth to the Joint Force in contingency operations. Missions the RC conducts in support of civil authorities, such as disaster relief, reinforce the RC's competency to provide critical capabilities necessary for overseas operations. We will continue to retain the RC as an operational reserve and employ it as funding permits.

We have taken cost into consideration and determined that a larger share of the cuts should come from the Active Component (AC) instead of the Reserve Component (RC). Our plan calls for cutting a total of 213,000 Soldiers from the Total Force; 150,000 from the Active Component, 43,000 from the ARNG, and 20,000 from the Army Reserve. A full 70 percent of the total cuts will be from the AC. This will ultimately result in our Total Army going from a 51 percent AC and 49 percent RC mix to a 54 percent RC and a 46 percent AC mix.

The Army has relied on the Reserve Component as an integral partner over the last 13 years in support of world-wide contingency operations and they have met all assigned mission requirements. However, there are certain capabilities that are better suited for the Active Component and others that are better suited for the Reserve Component. In general, organizations that are large and complex, such as Armored Brigade Combat Teams, are easier and cheaper to sustain at high levels of readiness if in the Active Component. Units that are smaller, less complex, and primarily composed of Soldiers with skills easily sustained in civilian employment, such as transportation companies or certain construction engineer units, are far more cost effective in the Reserve Component. Readiness, capability, and agility are all critical to the success of the both the Reserve Component and the Active Component.

The Army will continue to build Army National Guard and Army Reserve forces through Army Force Generation. For example, we are planning to send one Army National Guard Brigade Combat Team (BCT) to Combat Training Centers in fiscal year 2014 and two in fiscal year 2015. These events represent a significant investment in preserving Reserve Component readiness and ensuring an integrated and ready Total Force. Pursuant to the Army Total Force Policy, the Army will continue to consider using Reserve Component units for steady state rotations, as it has in the past; however, the Army has not planned to employ Army National Guard BCTs

for rotations to Korea because the BCTs cannot reach the desired level of training proficiency within their allotted training days.

In general, if the Army National Guard maintains too much force structure, its readiness funding must be reduced. Therefore, it is essential that the Army National Guard reduce force structure as outlined in the Army's budget submission in order to preserve its capability as an operational force.

QUESTION SUBMITTED BY SENATOR SUSAN M. COLLINS

Question. Secretary McHugh, I understand the Army is considering pulling some of its financial activities out of the Defense Finance and Accounting Services (DFAS) office and handing them off to the Army's own accountants. The Army is also planning to launch a pilot program this spring that will involve significant changes in how it conducts accounting services for its soldiers at Ft. Bragg.

Why would the Army take these services from the experts at DFAS and give them to an unproven pilot program when the Army is working to achieve an auditable budget by 2017?

Answer. Over the last several years, the Army and the American people made significant investments through the deployment of modernized web-based enterprise resource planning (ERP) business systems. The deployment of these systems, when supported by reengineered financial business processes, afford greater opportunity for standardize accounting processes, and enhanced operations, which support Audit Readiness. The Army's Financial Management Optimization (AFMO) is designed to transform current Army financial operational process and reorganize organizational and workforce structures that are better aligned to the new ERP's modern capabilities. In so doing, this will effectively and efficiently provide for the best outcomes. The Army has taken a holistic approach to improving operational needs, resources, and FM capabilities, with numerous recommendations to improve and to ensure auditability.

One of the several AFMO's recommendations was to implement command-aligned hubs, which consolidate functions and better align workers' skills and numbers. The command-aligned hub focuses on standardizing internal Army business process, ensuring accurate capturing of data at the source, thereby eliminating redundancy and rework.

To test this concept, I have approved two pilots to determine if the proposed standard processes and consolidation of Army processes and proper alignment of tasks support our FM objectives. The Army is currently conducting analysis, in collaboration with Defense Finance and Accounting Services (DFAS) and other stakeholders, to plan for and effectively conduct this test pilot, which will begin in October 2014 at Fort Bragg and at Wiesbaden, Germany. The Office of the Secretary of Defense (OSD) Cost Assessment and Program Evaluation (CAPE) will review the Army's business case analysis and recommendations based on results of the pilot. Senior leadership from the Army and the Secretary of Defense will review and approve any final hub implementation decisions, in consultation with Congress.

The Army will continue to rely on DFAS to provide accounting and payroll functions in the future; however, we must also continue to improve and strive for the most effective and efficient services possible.

QUESTION SUBMITTED BY SENATOR ROY BLUNT

Question. Given the critical nature of high quality batteries used to power military wheeled and tracked vehicles in combat environments, I'm concerned with the safety risks caused by the use of "flooded" batteries originally designed in the 1960's, specifically to Soldiers' eyes and face. "Flooded" batteries have a history of leaking liquid sulfuric acid when broken or tipped onto the battery's side, causing damaging corrosion to equipment and risk to personnel. I understand the Army has increased its use of Absorbed Glass Mat (AGM) batteries over the last 5 years due to the improved performance and extended life characteristics displayed by AGM batteries in tactical environments. Can the Army reduce these risks to Soldier safety by using newer, more advanced AGM batteries rather than older, "flooded" model batteries?

Answer. The Army reduced risks to Soldier safety by replacing the 1960s style batteries with "maintenance free" batteries in our vehicles, generators and other tactical systems. Military Performance Specification governs all safety and performance requirements for three different 6T lead acid battery types: 6TL, 6TMF, and 6T AGM (Absorbed Glass Mat).

The Army no longer uses the 1960s era 6TL flooded lead acid battery that required the operator to add distilled water. The 6TMF is also a flooded lead acid type of battery that is sealed and considered “maintenance free.” The 6T AGM lead acid battery is also a maintenance free battery.

6TMF and 6T AGM batteries are qualified for safety and performance and both batteries are in field use. The Army will continue to provide our Soldiers high quality batteries that power our tactical vehicles on the battlefield and ensure the safety of our Soldiers.

QUESTIONS SUBMITTED TO GENERAL RAYMOND T. ODIERNO

QUESTION SUBMITTED BY SENATOR RICHARD J. DURBIN

Question. Secretary McHugh and General Odierno, the Subcommittee has been concerned about the health of the combat vehicle industrial base for several years, and the termination of the Ground Combat Vehicle (GCV) program in fiscal year 2014 has only added to this concern. The engineering workforce that is essential to these efforts is seemingly at risk, and once gone is difficult and expensive to replace. With the termination of GCV, the Armored Multi-Purpose Vehicle (AMPV) is seen as vital to the combat vehicle industrial base.

How did the Army evaluate the requirements for AMPV, particularly regarding the relative capabilities of tracked vs. wheeled vehicles? How does the Army evaluate the cost to operate a tracked vs. wheeled vehicle?

Given the Ground Combat Vehicle termination, what is your plan for maintaining the workforce necessary to design and produce the next generation of fighting vehicles?

Answer. The Army conducted a detailed Analysis of Alternatives in 2011 to identify the most cost-effective solution for replacing the M113 while reducing technical, schedule and cost risk. The Analysis of Alternatives identified five mission roles that the M113 vehicle performed within the Armored Brigade Combat Team: General Purpose; Medical Treatment; Mission Command; Medical Evacuation; and Mortar Carrier. The study then identified 115 vehicles, both foreign and domestic, that were viable candidates to fulfill the five mission roles. All candidates were evaluated against four screening categories: Mission Equipment Package suitability; rough-order-of-magnitude average procurement unit cost; initial performance analysis on mobility; and initial performance analysis on protection attributes compared against the base M113.

The study identified four candidates for further consideration: a turret-less Bradley Fighting Vehicle; a Mobile Tactical Vehicle Light with added force protection; the Caiman Multi-Terrain Vehicle; and a Stryker Double-V Hull. Additionally, the Analysis of Alternatives informed the requirements process and validated the capabilities needed of the replacement system that were further validated by the Joint Requirement Oversight Council in 2013.

An AMPV solution, whether tracked or wheeled, needs to have the mobility required to perform to the same abilities of the primary combat vehicles in a formation. An AMPV must be able to traverse complex slopes in several directions (up, down, sideways). An AMPV must be able to conduct very wide Gap Crossings of trenches in forward and reverse. An AMPV must also be able to execute a controlled 360 degree left or right turn within 1.5 times the vehicle length. This allows the vehicle and unit commanders to negotiate and quickly maneuver in cross country and urban terrain, particularly during Mounted Operations in Urban Terrain environments where tight turning radius is particularly necessary. The Analysis of Alternatives analyzed different types of vehicles to see which were able to meet the aforementioned mobility requirements.

In determining operating costs for programs in the acquisition process, the Army considers such major cost elements as consumable spares: repairable parts; petroleum; oil; and lubricants; ammunition; personnel (crew); and depot maintenance. Early in the acquisition life of a system, a cost estimate is developed by determining the closest analogous system(s) and/or component(s). Actual historical costs are acquired for use in these analogies. Then, these historical costs are adjusted based on such known characteristics as weight, reliability, and power. Per-mile metrics for repair parts and spares are valuable in making comparisons between wheeled and tracked vehicles due to the apparent cost deltas that exist between these vehicle types. Historically, tracked vehicle repair parts and spares cost per mile, and fuel costs have revealed higher operational costs than wheeled vehicles. This is mostly due to the additional weight and complexity of tracked vehicles.

The Army evaluates contractor's estimated operating costs of a proposed system during Source Selection Evaluation Boards (SSEBs) prior to contract awards. During SSEBs, the Army determines how well system proposals meet defined Key System Attributes (KSAs) as specified in requirement documents, e.g., Capability Development Documents. The Sustainment Key Performance Parameter includes the Operations & Support Cost KSA alongside Reliability, Availability (both material availability and operational ability) and Maintainability in order to ensure that the entire lifecycle cost is captured and considered.

The Army shares concerns regarding the Defense industry's combat vehicle intellectual industrial base and its ability to maintain an adequate level of engineering skills and personnel to design and develop combat vehicles in the future. To address these concerns, the Army has developed a strategy that will explore and refine future combat vehicle concepts and requirements, as well as leverage its robust Science & Technology (S&T) investment for the next generation infantry fighting vehicle while keeping the combat vehicle engineering industrial base engaged.

Under this strategy the Army will leverage the current Ground Combat Vehicle program prime contractors' technology development designs to facilitate the maturation and integration of advanced technology into a variety of advanced combat vehicle concepts, which will keep the intellectual industrial base engaged. Additionally, the combat vehicle primes will support our assessment of Army S&T technology maturation initiatives and their effects on current and potential vehicle designs. This will enable the Army to build a knowledge base to inform Future Fighting Vehicle requirements by assessing design and cost tradeoffs and reduce risk. These efforts will support a Future Fighting Vehicle program of record when resources become available.

QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

Question. How many active duty Brigade Combat Teams can you move with current available airlift/sealift in the first 60–90 days of a conflict?

Answer. This information is classified, but we would be pleased to provide it to you in an appropriate forum.

Question. Did you factor the Reserve Forces Policy Board into the Active Component/Reserve Component ratio decision for fiscal year 2015? If so, explain how the Reserve Forces Policy Board supports your position. If not, why?

Answer. No. The Army did not rely on the Reserve Forces Policy Board (RFPB) study when making decisions on fiscal year 2015 AC/RC force mix. The RFPB is, by law, a Federal advisory committee within the Office of the Secretary of Defense. As mandated by Congress, it serves as an independent adviser to provide advice and recommendations directly to the Secretary of Defense on strategies, policies, and practices designed to improve and enhance the capabilities, efficiency, and effectiveness of the reserve components.

Question. Under the 335,000 end strength scenario, it has been proposed to reclassify and retrain Soldiers. What will it cost to reclassify/retrain Soldiers who will be moved to a different type of unit and how will the budget reflect that change? (ex. Field Artillery Battalion is replaced by a Military Police Battalion Headquarters and two Military Police Companies)

Answer. We do not have an exact number yet. As we built the fiscal year 2015 Budget, we did not identify the specific units that would be transitioning from one type to another. As units are identified for transition, the Human Resources community will identify the Military Occupation Skills for realignment. We will adjust the published Army Program for Individual Training accordingly and apply the funds as available to meet this mission. We anticipate reduced unit readiness for transitioning units and will realign the Army National Guard and Army Reserve units within the Army Force Generation Model to give Commanders' sufficient time and resources to build personnel readiness for these new organizations. If Budget Control Act spending caps remain in play in fiscal year 2016 and beyond, rebuilding personnel readiness within all units may take longer, depending on the limited availability of funds.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. General Odierno, in the fiscal year 2015 budget request, the Army Guard is not funded for rotations at Combat Training Centers, which as you know are important for collective training events and unit readiness. What is the impact on the total force?

Answer. The fiscal year 2015 President's budget request contained transportation funding for Army Guard Brigade Combat Team (BCT) participation in two rotations at maneuver Combat Training Centers (CTCs); however, the request provided no increased funding for pay to allow them to do so. In early May, a revised budget request will be forwarded to SAC-D providing the additional Pay and Allowances and Operation and Maintenance funds needed by two Army Guard BCTs to participate in maneuver CTC rotations.

Question. General Odierno, in fiscal years 2013 and 2014, Overseas Contingency Operations funds were nearly 30 percent of the total Army budget, yet the request for 2015 for this vital budget component of Army operations has not been provided to Congress. General, how important is Overseas Contingency Operations funding to the Army's ability to perform its assigned missions? What will be the impact to the Army and our National Security, if these funds are not provided at the beginning of the upcoming fiscal year?

Answer. Overseas Contingency Operations (OCO) funding is vital for the Army to support Operation Enduring Freedom and other contingency missions in defending the Nation and its interests.

If OCO funding is not provided by the beginning of the fiscal year, the Army will be forced to cash flow war expenditures out of the base budget. Extracting cash for war requirements out of the base budget would cause immediate and lasting degradation to readiness across the Army. Army readiness built through training requires steady and predictable funding to ensure home station preparatory training and Combat Training Center exercises are scheduled. The interruption to planned funding that would occur in a diversion of funds to pay for the higher priority theater operations would force the cancellation of training. Once cancelled, lost training cannot be easily bought back; it must be carefully planned in order to synchronize all affected units (Brigade Combat Teams and enablers) toward training activities.

QUESTIONS SUBMITTED BY SENATOR DANIEL COATS

Question. How can the Army afford to procure a land-based conventional prompt global strike capability that is a lot less survivable than the Navy's prompt global strike capabilities in this current fiscal environment?

Answer. The Army is not planning to procure a prompt global strike capability. To enable the development of joint capabilities, the Army has assisted Department of Defense technology efforts with both engineering and test facility support.

Question. The Department of Defense uses both annual contracts and Multi-Year contracts when acquiring goods and services. Under annual contracts, DOD uses one or more contracts for each year's worth of procurement of a given kind of item. Under Multi-Year contracts, DOD uses a single contract for two to 5 years' worth of procurement. The Multi-Year contract: (1) results in supplier price breaks for larger quantity purchases, (2) eliminates repeat labor and bureaucracy by buying only once, and (3) provides the stability of a set number of years' worth of production. In fiscal year 2013, when a 5-Year Multi-Year contract was signed for the CH-47 Chinook helicopter, the savings were \$810 million—or over 19 percent—when compared to 5 single-year contracts.

The intent of the Army is to execute a Multi-Year procurement contract in fiscal year 2017 for the AH-64 Apache, the Army's multi-role attack helicopter. What efficiencies and cost savings could we expect by using a Multi-Year contract to acquire upgraded Apaches?

Answer. A Multi-Year contract will: provide more capability at a lower cost via quantity-based price concessions; stabilize future prices for the government and future workload for industry; and increase efficiency by eliminating start-up and repeat labor costs both in the production of the Apache and the government contracting process. The Apache Program Office is currently preparing the Business Case Analysis (BCA) to estimate the cost savings of Multi-Year Apache procurement.

QUESTIONS SUBMITTED TO GENERAL FRANK GRASS

QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

Question. Under the 335,000 end strength scenario, it has been proposed to reclassify and retrain Soldiers. What will it cost to reclassify/retrain Soldiers who will be moved to a different type of unit and how will the budget reflect that change? (ex. Field Artillery Battalion is replaced by a Military Police Battalion Headquarters and two Military Police Companies)

Answer. Approximately \$237 million. The precise actual cost of retraining will vary somewhat from this estimate based on many factors, some of which we do not know at this time.

Explanation: The reduction in end strength and the associated reduction in force structure will cause the restructuring, reorganizing and elimination of some existing units. These changes to force structure will result in displacing 40,402 Soldiers from the position for which they are currently trained. This equates to requiring the reclassification training of approximately 241 company-sized elements. In our cost estimate we used the cost to retrain an infantry company to a military police company. The retraining cost is \$985,000 per company of Soldiers, or \$237.3 million for 241 company-sized elements. The cost includes the students' pay and allowances, as well as the cost to operate the school house. The estimate only takes into account retraining costs. It does not include other costs associated with converting one type of unit to another, such as equipment purchase or transfer expenses.

Question. While the Army National Guard prepares for its future years defense spending plan, there will be several funding scenarios. In the more severe funding plans wherein the Guard may propose reducing Brigade Combat Teams (BCT) how will the Army National Guard determine which BCTs to cut?

Answer. National Guard Bureau senior leaders, in consultation with senior leaders in the 54 States, Territories and the District of Columbia, developed three main criteria to inform their decision to inactivate brigade and Brigade Combat Team structure: look to reduce structure in States with multiple brigades and BCTs; quantify readiness rankings of brigades and BCTs; and avoid reducing more than one brigade/BCT in a State unless replacement structure is provided.

Question. There is concern that the National Guard Bureau (NGB) will use Unit Identification Codes that specify certain brigades instead of data-driven analysis based on readiness, numbers and types of brigades, etc. Please outline how the NGB makes their future year assessments regarding potential BCT cuts in a sequestration-type funding assumption plan.

Answer. The Army National Guard will use readiness, training, and strength metrics over time along with State mobilization rates and identification of States with multiple BCTs to ultimately determine which BCTs will be considered for reduction. During the evaluation, control measures will be used to ensure unit readiness data cannot be correlated to a State or specific unit.

Question. If the Army National Guard begins to develop courses of action for the reduction of Brigade Combat Teams, will the courses of action for force structure reduction use the agreed upon Force Management Unit Review Board?

Answer. Due to the compressed timeline the ARNG was under this April to produce a list of units for reduction, it was impossible to employ the Force Management Unit Review Board (FMURB) process and still meet the Army's deadline. However, if given the time, the ARNG intends to use the FMURB in the future to develop courses of action for force structure reductions. Using the FMURB can be a time-consuming process, especially given the large amount of force structure that would have to be eliminated or rebalanced among the States in order to accommodate a cut from 350,000 to 335,000 or 315,000 in end strength.

Question. Will the National Guard Bureau and Army National Guard look at the Unit Assessment Tool data for fiscal year 2016 in order to determine what force structure changes are needed based on the most recent data?

Answer. The Army National Guard will recalculate the Unit Analysis Tool annually in order to account for performance and readiness changes in its units. This will ensure that senior leader decisions are fully informed with the most recent data.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. General Grass, in your testimony, you stressed the importance of relevant training to maintain readiness across the Guard. More and more, the threats we face here at home are across the cyber domain. How are you training our citizen-soldiers to protect our critical infrastructure against this evolving threat?

Answer. The Army and Air National Guard will be an integral part of our cyber defense. The National Guard Bureau is closely collaborating with Army Cyber Command (ARCYBER), Headquarters Department of the Army, and leadership from the 54 States and Territories and the District of Columbia to develop ARNG cyber forces to support and are responsive to Joint, Army, and domestic cyber requirements. ARNG cyber forces, while they are principally defensive in nature, may conduct both defensive and offensive cyberspace operations under the appropriate authorities, as well as cyber security missions in support of local and national missions.

The ARNG is building 11 Cyber Protection Teams (CPT) to provide operational and surge capability to ARCYBER and US CYBER COMMAND while establishing critical regional cyber capabilities for homeland defense and civil support missions. The Secretary of the Army approved 429 Soldier authorizations for the ARNG as must-resource emerging growth in Total Army Analysis (TAA) 16-20; 390 authorizations will be equally split to create ten Title 32/M-day CPTs, with an additional 39 authorizations for a Title 10 ARNG CPT that will serve in a Federal active duty status. The ARNG will follow the US CYBER COMMAND standard for CPT structure outlined in the Cyber Force Concept of Operations and Employment v3.3.

The ARNG cyber integration strategy rests on four guiding principles: (1) The desired end state is to have joint training, certification, and integration of ARNG cyber forces in the Army Cyber mission force; (2) Emerging ARNG cyber forces will be developed in phases beginning in fiscal year 2014 and allocated against current Joint and Army priorities; (3) ARNG cyber forces will focus on foundational training and certification requirements that do not require Joint-level training facilities prior to fiscal year 2017 due to limited training capacity. Priority of effort for resources (facilities, training, infrastructure) shifts to ARNG upon completion of initial Cyber Mission Force build in fiscal year 2017; and (4) ARNG forces will train and certify to meet immediate un-resourced Army cyber requirements.

The Air National Guard is working with USCYBERCOM and the Air Force to build a total of 12 Cyber Operations Squadrons (CyOS) to support Cyber Mission Force and AFCYBER missions. Within this construct, the Air National Guard will effectively double the number of operational cyber experts to support an enduring USCC mission beginning in fiscal year 2016, and provide additional cyber protection assessment capability for up to 30 or more AFCYBER missions per year. One of these units, the 262nd Network Warfare Squadron in Washington State, also maintains a functional area of expertise in Industrial Control Systems. The 262nd will be available for assessments on Critical Infrastructures as well as training the other CyOS in the ANG and U.S. Air Force. Additionally, each of the Cyber Protection Teams will have imbedded organic Red Team elements, nearly doubling that critical area of expertise as well. The ANG also remains unit equipped which will allow operations from home station, providing the maximum of cost-effectiveness for our Nation, but they will present a sizeable surge force capable of supporting major events in cyber.

Question. I was recently told that the 155th Brigade Combat Team was on the divestiture list. The 155th Brigade from my home State of Mississippi has deployed twice to Iraq. In 2005, they served alongside the Marines and conducted full spectrum missions in Najaf, Karbala, North Babil and Eastern Al Anbar. They performed admirably at a critical time and should be commended for their service. I know the history of this unit, and I also know that this brigade is the most modernized brigade in the entire Army National Guard. The unit just underwent new equipment training and fielded for the new M1A2 SEP Abrams Main Battle Tank, the new M2A3 Bradley fighting vehicles and they have some of the latest digital communications equipment in the Army. Does it make sense to invest substantial resources into a unit and then turn around and disassemble it?

Answer. No decision has been made to inactivate the 155th Armored Brigade Combat Team at this time. The National Guard Bureau was directed to plan for reductions in Army National Guard force structure with end strengths of 335,000 by fiscal year 2017 and 315,000 by fiscal year 2019. The preliminary plan to inactivate units across the Army National Guard including brigade and Brigade Combat Team structure is based on analysis of multiple readiness factors over a 5 year period. While the 155th Armor Brigade Combat Team is one of two armor brigades in the Army National Guard with the most modern equipment, it scored low in the aggregate of readiness reporting over time. When any unit inactivates, the equipment is redirected to continue modernization throughout the Army National Guard. In the end, the decision on the number of Brigade Combat Teams that the Army National Guard inactivates is dependent on the scope of sequestration and guidance received from the Chief of Staff of the Army. Under current budget restrictions the Army National Guard will be reduced to 335,000 personnel and by two Brigade Combat Teams by fiscal year 2017. If full sequestration limits the Army National Guard to 315,000 personnel, then two additional Brigade Combat Teams will have to be inactivated by fiscal year 2019.

Question. General Grass, Unmanned Aerial Vehicles play an increasing role in our national defense; particularly during a time of strategic transition and fiscal austerity. In January, Senator Wicker and I sent a letter to the DOD and the FAA urging the optimization of Special Use Airspace for National Guard testing in support of military and civil purposes. Can you speak to the expanding role UAVs play in support of your Title 32 requirements?

Answer. Unmanned Aircraft Systems (UAS) provide a critical and proven war-fighting capability for our forces when deployed. These same UAS assets have a great but largely untapped potential for emergency support within the United States for both natural and man-made disasters. This is true regardless of whether our UAS are used in a Title 10, Title 32, or State Active Duty status. Within the National Guard inventory the Army National Guard has small-size UAS's (Raven) and medium-size UAS's (Shadow), and the Air National Guard has large-size UAS's (Predator & Reaper).

The National Guard has the capability on-hand, but the focus now is on how to properly and efficiently employ this capability during domestic incidents. While the pace of progress within the Department of Defense and the Federal Aviation Administration toward workable procedures for rapid-response solutions has increased, work still remains to be done. There are currently two major approvals that we must receive in order to employ UAS assets for an incident in the United States. The first requirement is to obtain Secretary of Defense approval prior to any use of UAS for Defense Support to Civil Authorities. The second approval is from the FAA to operate the UAS in the specific portion of the National Airspace System affected by the disaster or emergency. While both DOD and the FAA have now established standard procedures for the submission, evaluation, and decisionmaking on such requests, our practical experience to date is too limited to know if we will be able to obtain approvals as expeditiously as they may be needed in order to assist State and local officials in the earliest stages of a response. We already have experience with this process when we received approval from the Secretary of Defense to use a UAS from the California Air National Guard to monitor the California Rim Fire in August of 2013.

QUESTION SUBMITTED BY SENATOR TO LAMAR ALEXANDER

Question. From your own analysis, would the Army's aviation restructuring plan save money?

The Army testified that there would be approximately \$12 billion in savings in cost avoidance. Can you explain that figure? Would it save more money by retaining AH-64 Apaches in the Army National Guard? How much will be saved by divesting the OH-58D Kiowa Warriors?

Answer. Yes, the Department of the Army Aviation Restructure Initiative (ARI) will save money, principally through cost-avoidance as the Army foregoes upgrades to legacy OH-58 and TH-67 aircraft. Retaining AH-64s in the Army National Guard (ARNG) will still enable those cost savings and allow the Army to keep significantly more aircraft in operational units than if all Apaches are moved to the active component.

Tangible ARI savings of about \$1.1 billion in Operations and Support (O&S) annual costs are due to the reduction of three aviation brigades in the active component (AC) and about two brigades in the ARNG. These savings begin as soon as the aviation units are inactivated and are not part of the quoted \$12 billion savings/cost avoidance.

As we understand it, the \$12 billion savings/cost avoidance (actually \$11.94 billion) results from cancellation of the OH-58D Cockpit and Sensor Upgrade (CASUP) [\$3.36 billion], cancellation of the OH-58D upgrades and Service Life Extension Program (SLEP) [\$6.96 billion], and the decision not to buy a replacement training aircraft for flight school [\$1.43 billion] and not to SLEP the TH-67 trainer as a bridge until a new trainer was fielded [\$1.19 billion]. Only \$1.46 billion of the CASUP funds was programmed in the fiscal year 2015–2019 Program Objective Memorandum (POM). The remaining \$10.48 billion was either programmed for OH-58D CASUP and SLEP after the POM or was recently estimated as the cost to replace the current training fleet, but never programmed.

The \$1.46 billion in CASUP savings that had been programmed during the POM period have been reprogrammed from OH-58D CASUP to Apache and Unmanned Aircraft Systems (Shadow, and Grey Eagle), thus eliminating those savings. In addition, the Office of the Secretary of Defense modified the ARI plan in January to procure about 100 more UH-72 Lakota aircraft for flight school with additional "topline" funding, rather than transfer the aircraft from the ARNG. The \$800 million that is programmed for UH-72 procurement in fiscal year 2015 and fiscal year 2016 further reduces the overall ARI savings or cost avoidance by that amount.

The ARI plan directly links the OH-58D divestiture (which saves money) with the transfer of all ARNG AH-64s to the active component (which costs money). ARI grows the active component from 17 Attack-Recon Battalions (ARB) to 20 ARBs and creates a robust AH-64 spares account—helicopters without trained pilots or crews

to fly and maintain them. Alternatively, retaining 72 AH-64s in three ARNG ARBs, rather than transferring them to the active Army, would save \$115 million in annual O&S costs. As of 27 May 2014 the annual O&S cost for a full-time AC ARB is about \$69 million, while that cost for a part-time ARNG ARB is about \$30.5 million, according to the Forces Cost Model maintained by the Deputy Assistant Secretary of the Army for Cost and Economics (DASA-CE) ($(\$69 \text{ million} - \$30.5 \text{ million}) \times 3 = \115 million).

Efficient use of the total Attack-Recon force with no loss of support to Combatant Commanders can be achieved by retaining six ARNG ARBs, growing one more AC ARB (18 total), and reducing the AH-64 spare aircraft account. This would provide 24 total manned, deployable ARBs (vice 20 under ARI) at an annual cost of about \$45 million more than ARI ($6 \times \$30.5\text{M} - 2 \times \$69 \text{ million} = \$45 \text{ million}$).

Divesting the OH-58D fleet and standing down the nine AC Air Reconnaissance Squadrons and one ARNG Air Cavalry Squadron (less the UH-60 Assault Troop) saves \$523 million annually ($9 \times \$55.4\text{M} \text{ plus } 1 \times \$25 \text{ million} = \$523 \text{ million}$) according to the DASE-CE cost model. OH-58D divestiture also avoids the \$8.86 billion in post-POM costs for the OH-58D CASUP and SLEP discussed earlier.

The Army's plan saves money annually due to structure reductions and avoids future costs due to cancellation of OH-58D upgrades and replacement of part of the training fleet with existing Army aircraft. The National Guard Bureau alternative restructure plan with six ARNG ARBs that was offered several months ago also saves more than \$1 billion annually and includes the \$12 billion in cost avoidance from the HQDA ARI plan, while keeping more ARB capacity.

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL JEFFREY W. TALLEY

QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

Question. The Army Reserve is experiencing a reduction in the institutional training programs as a consequence of a shrinking defense budget. How does the Army Reserve plan to adjust to the current fiscal environment while maintaining a high level of readiness?

Answer. The Army Reserve is extremely challenged in maintaining a high level of readiness under a constrained budgetary environment. The increasing complexity of the operational environment requires more (not less) training time and money. New requirements like countering cyber attacks and Congressionally mandated classes require additional time added to Initial Entry Training (IET), Military Occupational Skills (MOS), Additional Skills Identifier (ASI), and Professional Military Education (PME) training programs for all ranks.

Army Reserve mitigation strategy to minimize readiness impacts from budget cuts include:

- Scrutinize all Training Requirements Analysis System (TRAS) documents; Course Administrative Documents (CAD) and Program of Instructions (POI) for cost increase, redundant instruction, and tasks added above those identified in the Critical Task Site Selection Board (CTSSB) process.
- Prioritize individual training courses based on most to least critical requirements.
- Work with Human Resources Command (HRC) to ensure that any Active Component (AC) Soldier seeking transition to the Army Reserve completes all required branch transfer MOS training prior to leaving active duty.
- Continue to promote Electronic Based Distance Learning (EBDL) compensation to encourage completion of course prerequisites and subsequent use of current training quotas.
- Take full advantage of building individual proficiencies at Army Reserve centers using Mobile Training Teams, distributed learning, virtual, constructive, gaming capabilities, and “blackboard” capabilities.
- Leverage partnering with private industry for select skills training e.g., medical equipment repair.
- Restructuring Generating Force to regionally aligned training sites (east, west and central locations) to maximize the use of instructors, class sizes, and training resources.

Question. Describe how cuts to NGREA funding will affect the Army Reserve's ability to maintain an operational force. What do you perceive to be the most substantial deficiencies in the NGREA accounts?

Answer. Reducing National Guard and Reserve Equipment Appropriation (NGREA) funding will adversely affect Army Reserve efforts to procure priority items not funded in the base budget. Not procuring priority equipment will reduce

the ability of the Army Reserve to stay operationally trained and ready on the latest equipment and add costs to move new equipment around according to the force generation cycle. Additionally, cutting NGREA limits the Chief of Army Reserve's flexibility to supplement the base budget to procure items immediately impacting readiness.

The Army Reserve appreciates the generous support of Congress through NGREA that has improved equipment modernization and reduced existing funding gaps. Although today's Army Reserve is better equipped and modernized than at any point in history, the current fiscal environment is forcing the Army to make difficult equipping prioritization decisions. As an enabler centric force, the Army Reserve is disproportionately affected by an Army equipping strategy that places greater emphasis on the Brigade Combat Teams (BCTs). NGREA is a key component in the Army Reserve's ability to close modernizations gaps and sustain momentum gained in transitioning to a viable operational force.

As future Army budgets decrease, the Army will become more reliant on the Army Reserve as an affordable solution in providing unique enabling capabilities in support of contingency operations, Homeland Defense (HD), and Defense Support of Civil Authorities (DSCA), while maximizing resources in a fiscally constrained environment. With reduced budgets, the need for NGREA will impact operational readiness, interoperability, training, and reduce the flexibility to modernize unique enabling systems in support of Army Force Generation requirements. Sustaining the Army Reserve as an operational force during a period of fiscal austerity only requires a modest investment compared to the total force.

The most substantial deficiency in NGREA accounts is the inconsistency in yearly guidance. The Army Reserve's NGREA acquisition plans are developed and refined based upon Army funding guidance and program prioritization. Internal procurement guidelines are not always consistent from one fiscal year to another. Enacting a well-defined set of business rules would prevent changes to procurement plans that lead to disruptions such as losing space within existing Army procurement contracts.

QUESTION SUBMITTED BY SENATOR THAD COCHRAN

Question. Lieutenant General Talley, the Army Reserve flight training budget increases from fiscal year 2014 to fiscal year 2015 by almost 70 percent in this budget request. What is the reason for this increase?

Answer. The Army Reserve flight training budget increase from fiscal year 2014 to fiscal year 2015 is actually 44.6 percent. Divide the increase from fiscal year 2014 to fiscal year 2015 ($1943 - 1344 = 599$) by fiscal year 2014 budget ($599 / 1344 = 44.6$ percent).

The reason for the budget increase is due to cost factors and new training requirements. The following Rotary Wing (RW) aircraft cost factors increased:

- AH-64D: \$467.00 increase per hour
- CH-47D: \$66.00 increase per hour
- CH-47F: \$71.00 increase per hour
- HH-60M: \$143.00 increase per hour
- UH-60L: \$72.00 increase per hour

The rotary wing program will be going through a transition as we turn-in the Fort Knox Battalion's AH-64D Apache aircraft for the UH-60L and the flight crews will have to be trained on the new aircraft for fiscal year 2015. The Texas Apache Battalion will transition in fiscal year 2017. Additionally, beginning in 4th Quarter fiscal year 2014 the Army Reserve will start fielding the CH-47F to replace the CH-47D.

QUESTIONS SUBMITTED TO MAJOR GENERAL JUDD H. LYONS

QUESTION SUBMITTED BY SENATOR MARK L. PRYOR

Question. What are the specific metrics used to determine the readiness of an Army National Guard Brigade Combat Team?

Answer. The Army National Guard uses Army metrics to determine overall readiness of Brigade Combat Teams, including personnel, equipment on-hand, equipment readiness, and training. Like the active component, Army National Guard BCTs report their readiness through the Defense Readiness Reporting System (DRRS). The Defense Readiness Reporting System, in turn, informs the Unit Status Report (USR). Army Regulation 220-1, Army Unit Status Reporting and Force Registra-

tion—Consolidated Policies, dated 15 April 2010, is the policy that encompasses this methodology.

QUESTION SUBMITTED BY SENATOR THAD COCHRAN

Question. Major General Lyons, in fiscal year 2015 the Army Guard is not funded for any rotations at Combat Training Centers, which as you know are important for collective training events and unit readiness. What was the reason for not budgeting for these events and what is the impact to Guard readiness?

Answer. While the Army and the Army National Guard (ARNG) view Combat Training Center (CTC) rotations as important, decisions made by the Army initially precluded CTC funding for ARNG BCTs in fiscal year 2015. CTC rotations, as with all programs, compete for funding. Overall, the ARNG experienced a \$93 million reduction in NGPA and a \$826 million reduction in OMNG funding between the fiscal year 2014 budget and the fiscal year 2015 President's budget submission. After the fiscal year 2015 President's budget was submitted, the Army confirmed scheduling of two CTC rotations for the ARNG. The Army and the Army National Guard budget offices have included \$45 million in ARNG personnel and \$23 million in ARNG operations funding that supports these activities in the Unfinanced Priority List.

CTC rotations are the Army's premier collective training event, key to developing the next generation of Army leaders, and facilitate the dissemination of doctrine throughout the Army. CTCs provide commanders, staffs, and units an operational experience focused on unit readiness and leader development requirements. CTC rotations are the only venue for ARNG Brigade Combat Teams to achieve company live fire/battalion maneuver proficiency in order to meet Army Force Generation aimpoints.

SUBCOMMITTEE RECESS

Senator DURBIN. I want to thank the Secretary and Generals for joining us today as well as those who've accompanied them. It goes without saying, it has become a cliché, but I mean it from the heart, thank you for your service to our country each and every one of you.

And this meeting of the subcommittee stands adjourned.

[Whereupon, at 11:49 a.m., Wednesday, April 30, the subcommittee was recessed, to reconvene subject to the call of the Chair.]